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Southeast Asia Report



FOREIGN BROADCAST INFORMATION SERVICE

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1 March 1984

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EDITORIALS PRESENT CONTRASTING VIEWS ON AID TO PHILIPPINES

Say No to Marcos

Melbourne THE AGE in English 19 Jan 84 p 13

[Editorial: "Why We Should Say No to Marcos"]

[Text] Rarely is Australia confronted with a choice in foreign policy as direct as President Marcos has given us with his request for about \$100 million in emergency assistance to the Philippines. In deciding whether to grant the loan, the Hawke Cabinet must choose between the short and the longer term. Should it be seen to be helpful towards a regime that is morally repugnant? Or should it use this opportunity to take a strong stand on principle? As things exist in the Philippines today, the Australian Government has a clear responsibility to reject Mr Marcos's overtures. The reason is tragically apparent. There can be no doubt now, even in the private thoughts of the President and his corrupt cronies, that the past 12 years have witnessed a growing alienation between the Filipino people and those who purport to represent them. The Philippines is a society divided irrevocably, a nation where increasing numbers of priests and nuns are converting, in despair, to the theology of justifiable violence against a Government which is a law only unto itself. It has been obvious for some time that Mr Marcos and all that he represents must go. At issue is not if, or when, but how.

It is the way of autocrats that they acknowledge the need for change only when it is too late for peaceful reconciliation. The point of no return may have been passed last year with the assassination of Mr Benigno Aquino, the one man who could have offered an immediate and effective challenge to the regime by presenting a moderate, democratic alternative to extremism in a country increasingly polarised politically. Circumstances could have been different if the United States, as the one foreign power with real influence over events in Manila, had realised before Mr Aquino's flight into martyrdom just how crucial it was to make some firm and public demands of Mr Marcos. The Reagan Administration is starting now to make amends for 12 years of conspicuous American failure to effect reform. It is beginning to realise that Mr Marcos needs American help more than the United States needs Mr Marcos. The regime is being urged to prepare the way for the orderly transfer of power to democracy in return for favorable consideration

of measures required to rescue the Philippines from its \$25,000 million foreign debt.

It is here that Australia enters the equation with a need to make its concerns heard not only in Manila, but in Washington. For Mr Hawke's Cabinet, there is a responsibility to decide once and for all on a strategy for dealing with a government that is failing its people in such grotesque fashion. The first step, possibly in co-ordination with the United States, would be to make it plain to Mr Marcos that the only realistic way of coping with the nation's economic crisis is through political reform. The second step is to find out exactly how all Australian money in the Philippines is being spent and how proposed loans would be spent if they are authorised. The Marcos Government's request for about \$100 million would be destined, clearly, for foreign reserves. It should be turned down unless a public promise of political change can be extracted. Aid to the needy is another question. A sound case can be made for increased support to the people of the Philippines through reputable organisations, where it can be demonstrated that the regime has no control over the money. What the Australian and American Governments have to concede is that an ally which represses, exploits, tortures and kills its own people is, in the end, no ally at all. It is a moral, political and economic liability.

Aid in Region's Interests

Sydney THE SYDNEY MORNING HERALD in English 19 Jan 84 p 8

[Editorial: "The Philippines' \$100m Question"]

[Text]

INEVITABLY, the Philippines has approached Australia as a rich, regional neighbour for an aid package to help it out of its mounting economic crisis. The Philippines is in a frightening position. It needs both to save and to obtain access to foreign exchange, urgently needed to pay for vital industrial imports, while meeting interest on a foreign debt burden now in excess of \$25 billion. China, in pursuit of its complex political interests in the Philippines — which seem to include a desire to destroy rather than preserve the Philippines' Maoist-oriented Communist Party — has agreed to find aid credits worth about \$200 million.

With major economic investments in the country, Japan is considering a loan of \$270 million. Bound to the Philippines

in an alliance forged by history, sentiment and strategic interests, the US is considering an emergency cash grant of \$150 million. The Philippines is seeking an immediate loan from all sources of \$4 billion and extended repayment terms. While the IMF looks certain to come to Manila's aid with a standby loan of \$700 million, it is not likely to do so before mid February or later.

The Philippine request to Australia for a \$100 million line of credit creates considerable political, practical and administrative difficulties. In the first place the amount is too high, even if the Philippines had an impeccably democratic government. In the second place no Australian Government is likely to extend even a \$40 million line of credit — equal in value to last year's

Australian exports to the Philippines — to Filipino importers without a guarantee on their part that they intend repaying the amounts involved within a specified period.

Moreover, there is the added risk that a new Philippine administration might, for one reason or another, seek to renege on credit repayments. And, even if all these hurdles are overcome, political problems loom large. The Marcos regime is deservedly unpopular because of its authoritarian character and its human rights record. For a start there can be no question of special Australian aid while Father Brian Gore is denied a proper trial. But, beyond considerations of this sort, other questions intrude. Does Australia wish to help bail the Philippines out of

its present political and economic crisis? Many, not all necessarily on the Left, will see even a minor aid package as tending to do just that. They would argue that anything that helps destroy the Marcos regime should be exploited.

This is not necessarily a wise view. To destroy the Philippines while destroying the regime, a real risk, is to throw the baby out with the bath water. Why should we take a more moralistic view of the Philippines than of Indonesia, Burma, Pakistan or Bangladesh? Is the Philippines less

palatable than Vietnam? Its Government, for instance, does not maintain an army of occupation in a neighbouring country. There is a * * * in fact, for extending aid in the present situation to the Philippines even though we find its regime distasteful. The Philippines is an important neighbour. Its return to political stability is of prime importance to the whole region and not least to Australia.

It is in the region's interest, as it has proved in China's and Japan's, not to mention America's, to help 50 million Filipinos

in a severe political and economic crisis. We should take our cue from ASEAN in this matter. ASEAN nations contribute to an economic emergency fund to which the Philippines, as a member state, has a right to apply. So far, probably because of sensitivity over borrowing money from fellow States with their own economic problems, it has not. Sooner or later it will and there can be little doubt that ASEAN's response will be favourable. This is what should guide official Australian thinking.

CSO: 4200/466

GOVERNMENT REAFFIRMS AGREEMENT ON WARSHIP POLICY OF NUCLEAR POWERS

Sydney THE SYDNEY MORNING HERALD in English 30 Jan 84 p 4

[Article by Patrick Walters]

[Text]

CANBERRA. — The Australian government has given both the United States and Britain a draft policy statement on visits to Australian dry docks by nuclear-armed warships.

This follows a hard-line stance taken by the United States which wants no constraints on access by its nuclear-armed ships to Australian ports and dry docks.

The US Government is particularly concerned about the implications of any Australian move to restrict the entry of allied warships on other countries such as Japan.

The draft policy given to Britain and the United States would avoid

the problems created when the British aircraft carrier *Invincible* was forced to go to Singapore for repairs to its propeller shaft.

The statement reaffirms the Australian Government's agreement with the policy of nuclear powers neither to confirm nor deny whether their warships are carrying nuclear weapons.

Future requests by Britain and the United States for dry dock facilities will be considered on a case-by-case basis.

Where lives are at risk as a result of an emergency or accident the Australian Government will not seek to impose any conditions.

Government sources said they expected a response from Britain and the United States on the draft statement this week.

CSO: 4200/466

PHILIPPINES SPENDING CUTS MAY PARE CANBERRA AID

Melbourne THE AGE in English 19 Jan 84 p 8

[Article by Michael Richardson]

[Text]

SINGAPORE, 18 Jan.—Australia will probably be unable to spend at least several million dollars of the \$15 million allocated for two big aid projects in the Philippines this year.

Informed sources say spending cuts forced on the Government of President Marcos mean that Manila cannot meet its share of the cost of the projects.

One is in Zamboanga del Sur province in the southern Philippines, the other in the northern part of Samar Island in the central Philippines.

Both are integrated rural development schemes and are among the most expensive overseas aid projects being undertaken by Australia.

The sources told 'The Age' that Canberra had planned to spend about \$15 million on the two projects in this financial year.

But they said they would be "very surprised if we reach those levels because there has been a slowdown on the Philippine side. So there is sure to be a gap of at least several million (Australian dollars)."

Under agreements signed by the two Governments, Manila is to match Australian spending by providing an equivalent amount in personnel, equipment, materials and funds.

The expected shortfall in spending means the Australian Government will have to decide whether to save the money or allocate it to other de-

velopment or poverty-relief in the Philippines.

Canberra will also have to make a decision soon on a request from Manila for about \$100 million in emergency financial assistance.

The aid, in the form of a revolving trade credit, would help the Philippines pay for imports from Australia.

The two big integrated rural development schemes in the Philippines have been the subject of intense controversy in Australia. Some aid and church groups have claimed the road building involved helps the military, not the poor.

but while conceding that he had doubts about the economic viability of the Samar project, the Foreign Minister, Mr Hayden, told Parliament in November that studies of the Zamboanga del Sur project suggested the armed forces made very little use of the roads and the whole venture had led to a substantial improvement in income levels for people living in the area (most of whom are poor farmers).

In Canberra, Australian Government officials said yesterday that the Philippines Government's request for emergency aid from Australia was being examined by the departments of Trade and Foreign Affairs.

The Foreign Minister, Mr Hayden, who was in Perth yesterday, had not yet considered the request.

AGE VIEWS GOOD, BAD IN REAGAN PRESIDENCY, TAKES NO STAND

Melbourne THE AGE in English 31 Jan 84 p 13

[Editorial: "Ronald Reagan Rides Again"]

[Text]

66 **A**MERICA is back," Ronald Reagan told the nation once more yesterday. And so, it seems, is Ronald Reagan as President. Election day is nine months off and things could go badly wrong as the candidates compete in the elaborate mating dance: at home, the economy could founder if President Reagan does not rein in the deficit (which means the Pentagon) or increase taxes, or both; abroad, the marines in Lebanon remain hostage to fortune and Ayatollah-inspired fanatics, the Iran-Iraq war could run wild, the Middle East remains as inflammable as ever, Central America festers and, in this world of security-through-strength that President Reagan boasts about, relations between the superpowers are abysmal.

However, for Democrats, the Kremlin and anti-Reaganites in general, the unspoken phrase "four more years" must have tolled throughout yesterday's announcement. It was a vintage performance from the Great Communicator. He told the people, "the real heroes of American democracy", what they wanted to hear and what he wanted them to hear. He spoke, for instance, about the 'economic recovery — which has been a significant achievement — but somehow overlooked the matter of the huge deficit and declined to mention that it is a heresy so far as Reaganomics is concerned. Moreover, in his plea to be allowed to complete what he had begun, he cheekily listed the aim of controlling Government spending just as, in his State of the Union address, he cheekily asked for legislation to make a balanced Budget mandatory and invited the Democrats to join him in a bipartisan effort to reduce the deficit. The Democrats, with reason,

suspect that President Reagan may want to identify them with what could be disaster. They also suspect that the less well-off may have to forgo more butter to pay for yet more guns.

During his first Presidential campaign, Mr Reagan was an object of Democrat ridicule — the B-grade actor with the one speech. That mistake will not be made again. President Reagan heads for November as the most popular fourth-year incumbent since Dwight Eisenhower. None of his rivals, preoccupied at present with fighting among themselves, shows any sign of grabbing the public imagination. And that is what President Reagan has done. When he said yesterday, and in the State of the Union message, that America was standing tall, most Americans would have believed him. Few would have asked whether, in doing so, America might have to an extent been standing on the hopes and aspirations of the needy at home and abroad. President Reagan appeals to one aspect of the American psyche: interventionist, conscious of its place and its power, wanting to do what America perceives to be good — and to be thanked for it by a grateful world. The other America — suspicious and isolationist — would be an unhealthy anachronism in this age of interdependency. A Reagan-led America may act out of values projected as simple but, in reality, dangerously simplistic. President Reagan, who wants to use his second term, among other things, to find "room in our schools for God", in his first term too often saw godless communism as the source of all the world's troubles. Recently, he has put aside the language of cold war and talked of co-operation. The Kremlin, in face-saving time, may be willing to listen and

respond. If, as seems likely, President Reagan is re-elected, he will lead his nation and the West through uncertain years. And he has contributed to the uncertainty. President Reagan says his goal is "to lift the weak and to build the peace". On the

evidence of his first term, his methods may, in the short term at least, see the weak continue to suffer and peace under continuing threat without much progress being made towards noble ends.

CSO: 4200/466

AGE EDITORIAL HITS ISRAELI REACTION TO HAYDEN

Melbourne THE AGE in English 31 Jan 84 p 13

[Editorial: "Not so Fast, Mr Shamir"]

[Text]

THE Foreign Minister, Mr Hayden, is unlikely to be surprised that the Israeli Government is less than impressed with his private visit to a Palestinian refugee camp on the West Bank. Mr Shamir and his colleagues have already made it clear that they are alarmed by an Australian emphasis on the Palestinian problem, including support for an initiative which may bring together King Hussein of Jordan, President Mubarak of Egypt and the chairman of the Palestine Liberation Organisation, Mr Arafat. Well, they are entitled to their concern. Israel, by its very nature, exists in a permanent state of uncertainty. Security is a priority which infests every aspect of official thinking — and understandably so. But the Israeli Prime Minister, like his predecessor, appears to be overreacting in ways that could prove to be decidedly unconstructive not only for the health of a bilateral relationship, but also for the prospects of peace in the Middle East. The fact is that Australia, as a responsible member of the international community, has no interest in promoting a weakening of the Jewish nation. Strong support for the recognition of Israel's right to exist behind secure borders is not in question. The existence of an Australian contribution to the Sinai

peacekeeping force provides a token of the seriousness with which this matter is regarded.

Mr Hayden, in reality, is helping to find ways of enhancing Israeli security. By becoming the highest-ranking member of a foreign Government to visit a Palestinian camp for some considerable time, he has delivered a symbolic warning to all those who desire reconciliation in the Middle East that a Palestinian solution remains central to any hope of lasting peace. That is not a political conceit or some kind of international bargaining chip. It is the simple truth. A Palestinian solution, furthermore, will not be achieved by military means. Only a political settlement can provide the one thing that Israel, even now while it is stronger than at any time in the past, craves above all else: The present Israeli Government, by permitting and, indeed, encouraging the colonisation of the West Bank, reduces with each succeeding settlement the chance of the occupied Arab territories becoming part of an answer in a region where there are only questions, and far too many of them. As the representative of a nation with a legitimate interest in Middle East peace, Mr Hayden has a responsibility to acquaint himself with facts rather than fantasies.

AUSTRALIA

QANTAS TO BUY 747'S THROUGH TOKYO LEASING

Melbourne THE AGE in English 30 Jan 84 p 14

[Article by Hamish McDonald]

[Text] Tokyo, 29 Jan.--Japanese leasing companies will bid this week to finance acquisition of three Boeing 747 aircraft by Qantas.

The Australian national carrier is the latest airline to find this an attractive method of finance.

According to three leasing firms interested in the Qantas deal, the leasing will have a total value of between 40 and 50 billion yen--\$A190 and \$A240 million at present exchange rates.

With Japan's long-term interest rate at 8.2 per cent as against interest rates over 10 per cent in the Eurodollar market, Japan can offer attractive margins.

The expected appreciation of the yen was hedged against by the volume of business done in Japan by airlines flying here, leasing company executives said.

As any resident of Japan will tell, airfares written in yen do not go down by the amount corresponding to exchange gains by upward yen movements.

This has been a particular feature of the closely held Australia Japan route, on which both Qantas and Japan Airlines benefit from a highly artificial nominal yen rate.

Other airlines to have concluded leasing deals on Boeing 747s include Cathay, Korean Airlines and Thai.

CSO: 4200/466

NAVY PUBLICATIONS TO BE COMPUTERIZED

Melbourne THE AGE in English 31 Jan 84 p 26

[Text] The first computer contract under the Federal Government's new Preferred Panel arrangements for computer suppliers, has been awarded to Archives Computers Australia Pty Ltd, for an installation at the Department of Navy's publications section.

The system, ordered by the Department of Administrative Services, is a Discovery microcomputer with four terminals and 120 megabytes of disk and storage capacity.

The system will be used to maintain an index and cross-index of the 20,000 or more different equipment publications produced by the Navy's publications division.

A spokesman for the publications section said the system was now based in Canberra with two users inputting data, and another two users handling online queries from various Navy supply departments throughout Australia.

"The system was installed late last year for the purpose of keying in the data and implementing all the software," he said. "We are using the software application generator Dataflex as it suits our purposes ideally."

The spokesman said some inhouse software programs had been added to the system to provide access to some of the data to authorised personnel only.

"Data for the thousands of publications, manuals and documentation, contains even minute componentry details for equipment like weapons and sophisticated navigational systems. It even indexes a screw on a large destroyer."

Indexing of the publications is the first phase of the project. The second phase will occur when the system is moved to the Navy Department's publication headquarters in Sydney, next March.

"We will eventually provide dial-up publications stock control facilities for the various Supply Departments throughout the country. This will allow them to locate exactly what quantity of any requested publication is available, and just where it is located," he added.

Before the computer was installed, all data for the publications was stored on the Navy Department's Honeywell mainframe systems in Canberra, but under the Federal Government's new scheme, various Defence Departments are now turning to more distributed and individualised computer installations.

CSO: 4200/466

PRO-SOVIET CLIQUE MAY GAIN FROM BOMB INCIDENT

Copenhagen INFORMATION in Danish 11 Jan 84 p 2

[Article by INFORMATION correspondent Bertil Lintner: "North Korea's Bomb Bursts Burma Into The Twentieth Century"]

[Text] A pro-Soviet clique is poised to take over in Rangoon and totally alter the political power picture in Southeast Asia

BANGKOK, in January--1983 was everything other than lucky for Burma. The most jolting incident of course was the bomb assassination in Rangoon on 9 October, and the hair-raising facts which have come to light subsequently.

The two officers from the North Korean army, Major Zin Mo and Captain Kang Ming-Chui, ended up confessing the crime and as a result have been sentenced to death. The two assassins--or three, which there were originally--came to Burma on board a North Korean freighter on 22 September, and the entire action was directed from the North Korean Embassy in Rangoon.

For the government in Rangoon--which for a long time has been neutral in the conflict between the two Korean states--the assassination was undeniably a stab in the back from its socialistic comrades in Pyongyang. Until 9 October Burma was one of the few countries in Asia which maintained friendly relations with North Korea.

After the bomb and the interrogation of the perpetrators, there was no choice but to terminate diplomatic relations.

A Complete Surprise

The revelation that it was in fact North Korea which stood behind the assassination came therefore, among other reasons, as a total surprise for most political observers in Southeast Asia. Earlier reports of possible Burmese rebel involvement are now emphatically rejected, not the least by the terrorists themselves.

Karen National Union (KNU) disclaimed all responsibility in a letter of 1 December to the Hong Kong weekly FAR EASTERN ECONOMIC REVIEW. The Kachin Independence Army (KIA) previously had already made public an announcement, published in the BANGKOK POST, disassociating itself from the assassination and expressing its sympathy for the South Korean victims.

But even though the rebels had no involvement with the bomb in Rangoon, they struck in another manner, just a few weeks after the assassination of the South Koreans. On 20 October, the Karen guerillas kidnapped two French technicians who were working on behalf of the French company Fives-Cal Babcock near Pa-An, the capital of Karen.

The two French citizens were held captive for 38 days before the French authorities succeeded in negotiating their freedom through the International Red Cross. The rebels, who demanded that France should terminate all economic assistance to Burma, did not have their demands met.

But to the great regret of the Rangoon government, the two Frenchmen stated after their liberation that they had great sympathy for the people of Karen, and that they would not return to Burma as long as the present military regime was in power.

But for the future--even if one views the cause of the bomb attack and kidnapping incident from, among others, the case of Tin Oo--Burma's neutrality is no longer self-evident. All of the tragic circumstances of 1983 have strengthened the positions of President San Yu and Defense Minister Kyaw Htin.

Kyaw can be thought to be a neutral military person without pronounced sympathies for any political block, but San Yu is the man who heads the pro-Soviet faction within the government in Rangoon. If San Yu appears strong enough to seize power from the aging Ne Win, Burma can risk becoming a battleground for the world's two communist superpowers. The rival, China, will then presumably resume its support of the Maoist Communist Party of Burma, CPB, which it has held on the back burner since the end of the 1970's.

China's Reaction

China will undoubtedly view the growth of yet another pro-Soviet regime on its southern borders as a threat to its own national security. Burma is of undeniable strategic interest to the Soviet Union. As an ally, Burma would provide the Soviet Union access to ports and naval bases on the Indian Ocean.

Bassein, Merfui, Moulmein, Seikyi, Sinmalaik and Sittwe are cities with good harbors, which the Burmese navy today keeps closed. Moreover, it has been impossible to hide the fact that the Soviet Union recently has shown an ever-increasing interest in Burma.

The events of 1983 have exposed Burma's weakness and shown how poorly prepared the country actually is for the time after Ne Win. Disintegration has already begun, and foreign interest in Burma has grown significantly. According to observers in Rangoon and Bangkok, in the coming years it is highly probable that developments in the country will assume decisive strategic significance for the entire Southeast Asia area.

At long last Burma is being awakened from its 20-year Rip Van Winkle slumber and its isolationist foreign policy, which has been one of the cornerstones of "the Burmese path to socialism"--the military regime's basic ideology ever since the power coup in 1962.

Purges in Rangoon

Both the bomb attack and the kidnapping must be viewed in connection with a third event which struck Burma last year: the purges within the Burmese intelligence service and the arrests of Brigadier General Tin Oo and Colonel Bo Ni, both previously top names within the military intelligence service, MIS, and the national intelligence service, NIB.

Tin Oo has long been viewed as the Number-One-and-a-Half in the Burmese hierarchy, and therefore it has been suggested that he was nearly as powerful as General Ne Win, the country's dictator since 1962.

Burma's intelligence agency and secret police have, under Tin Oo, been rumored as being among the most effective in Asia, and in fact, the only effective institution in a country where nearly everything has stagnated for the last 20 years.

Diplomatic sources in Rangoon are convinced that neither the bomb attack nor the kidnapping would have been possible if Tin Oo and his powerful MIS had remained in tact.

Uncontrollable Developments

Seen from a bit longer perspective, Tin Oo's fall from power in Rangoon and the obvious inability of the ruling class to control the Burmese society --something which has followed in the wake of the fall from power--can have far-ranging consequences for development in the country.

Up to now, the Western governments have heaped praise on the manner in which the Burmese handled the bomb affair. Calmly, methodically and without making too alarming official pronouncements, Rangoon has clarified the story step by step and in that manner acted in a model diplomatic fashion.

There has been an obvious intention to demonstrate that Burma's strong policy of neutrality will not be influenced by external terrorism, not even if it comes from a friendly nation with which it was thought to have stood on a good footing.

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CSO: 3613/78

BRIEFS

GUERRILLA ATTACK ON ENEMY CONVOY--Combat news: On 22 January, a small combined unit of the People's Army and Kachin Independence Army conducted a guerrilla attack against an enemy convoy of military vehicles at Nyaungbingon near the (Nampan) enemy camp. As a result, an enemy vehicle was destroyed and the commander of mercenary No 992 Tactical Command, who was riding in the vehicle, had to flee. On 28 January, some enemy soldiers were killed and wounded, and a soldier was captured during an attack carried out by a small People's Army unit at Tin-Yu Mountain near Mogok. The captured private, Kan Win, of Gangaw, serial No 522-023, of parents U Tha Maung and Daw Saing Mya, was released in good condition on 31 January. [Text] [BK111054 (Clandestine) Voice of the People of Burma in Burmese 0030 GMT 11 Feb 84]

CSO: 4211/16

DEVELOPMENTS REGARDING NU NATIONAL CONFERENCE

Importance of NU National Conference Outlined

Jakarta PELITA in Indonesian 15 Dec 83 pp 1, 7

[Text] Jakarta, PELITA—In a hierarchical sense, the NU [Nahdatul Ulama—Muslim Scholars] National Conference of Ulama [scholars], which will be held in Situ-bondo [East Java] is not at a higher level than an NU congress, in view of the fact that the party congress is the highest level meeting in the NU.

H. Chamid Widjaja, the general chairman of the Executive Committee of the NU Syuriah [Advisory Council], told a PELITA representative yesterday [14 December] in Jakarta: "However, in a qualitative sense the forthcoming NU National Conference of Ulama has very important meaning for the future development of the NU, including recommendations which will be made by the National Conference to the next party congress."

In the course of an interview with an ANTARA representative Chamid Widjaja stated that the National Conference is important because it is the occasion for so many prominent NU ulama from areas throughout Indonesia to meet. The ulama are the mainstays of the NU leadership. He added: "Furthermore, they have great influence in the provinces, particularly in the pesantren [religious training centers]."

Basic Questions

Dr M. Zamroni, deputy chairman of the organizing committee for the NU National Conference of Ulama, said that there are three basic questions which will be the focus of attention for the ulama from the provinces during the National Conference.

The first question relates to organization, including the Pancasila [Five Principles of the Nation] as the single founding principle, which has been identified by the GBHN [Main Directions of State Policy] as the only founding principle of all mass organizations and social and political forces.

Regarding this question of the single founding principle, President Soeharto has expressed his appreciation to the NU, which unanimously approved the Pancasila in this sense.

According to Zamroni, the second question to receive attention is the matter of religion and the three communities.

In terms of the organization, he also said that the NU would reaffirm its 1926 program as an organization, when this social organization was founded by the late K. H. Hasyim Asyari, 57 years ago.

Blessings

In another part of the statement made by K. H. Chamid Widjaja, he said that the NU National Conference of Ulama had received the blessings of President Soeharto.

The approval was expressed when K. H. As'ad (85 years old), the leader of the Salafiyah Syafi'iyah Pesantren and the senior leader of the ulama throughout Indonesia, was designated by the Executive Committee of the NU Advisory Council to meet with the chief of state.

Apart from organizational, community, and religious questions, the National Conference will not be an occasion for controversy over the leadership of the NU Executive Committee.

Chamid Widjaja also denied that there were conflicts within the NU Executive Committee. He said: "If people say there are divisions within the NU, they are just inventing them."

He said: "You must know this. Just as in our religion there are the Shafi and Hambali sects. However, the principles are the same."

Chamid Widjaja stated that in addition to about 400 ulama and hundreds of observers attending the conference at the Salafiyah Pesantren, which is about 224 kilometers from Surabaya, there will also be thousands of people from nearby areas observing it. For in the course of the National Conference there will be a commemoration of the Prophet Muhammad at the pesantren.

Everything Prepared

Zamroni said that preparations for the National Conference at the pesantren, which covers 7 hectares, include living accommodations for 450 to 500 invited guests, as well as water and electricity for them. The problem is that Sukorejo, the capital of Asembagus Sub-District and the site of the National Conference, is only a village which does not have hotels or boarding houses.

The same thing is true of Situbondo, located 26 kilometers from the pesantren, which is only a small city.

H. Said Budairy, the secretary of the Preparatory Committee for the National Conference, said that about 20 reporters from Jakarta are expected to cover the proceedings of the 4-day National Conference.

Two foreign reporters from the French news agency, AFP, and from the magazine, FAR EASTERN ECONOMIC REVIEW, were on hand 5 days before the meeting began to cover the National Conference.

NU Provincial Representatives Not Forced to Attend Meeting

Jakarta PELITA in Indonesian 16 Dec 83 pp 1, 11

[Article: "NU East Kalimantan Chairman States 22 Provincial Units Did Not Feel They Were Threatened by NU National Conference of Ulama"]

[Text] Jakarta, PELITA—H. M. Syarkawie Basry, first regional chairman of the NU in East Kalimantan, has stated that representatives of 22 of the NU provincial units throughout Indonesia did not feel threatened by the forthcoming National Conference in Situbondo, and he therefore denied that these local branch and provincial units had decided not to attend the meeting for this reason.

H. M. Syarkawie told reporters Thursday [15 December] at the Parliament building that, "Those attending the meeting in Situbondo are doing so in their private capacity." Syarkawie, who is also a member of Parliament, made this statement when he was asked his views on the National Conference of Ulama in Situbondo.

He also said that the ulama attending the National Conference included not only ulama from the NU but also ulama from outside the NU.

Based on Section 11, Paragraph 7, of the NU by-laws, the National Conference is to be held once every 2 years. Those invited to the National Conference include ulama from the Ahlussunnah wal Jamaah, who are not included in the leadership of the NU as an organization. Section 11, Paragraph 8, provides that the National Conference shall also invite experts as necessary.

Not True They Are Forced to Attend

Asked about the meeting of 22 NU provincial leaders some time ago at the home of Dr Idham Chalid, chairman of the Executive Committee of the NU, Syarkawie said that it was not true that the provincial representatives were forced to attend by K. H. Dr Idham Chalid or by Idham's supporters. He said: "That is not true. The attendance by 22 representatives of the 26 NU provincial units from throughout Indonesia was a continuation of the meeting of provincial representatives held in May 1982 in Jakarta."

At that time (in May 1982) the provincial units wanted to bring together the two NU leaders, K. H. Dr Idham Chalid and K. H. Ali Ma'shum, so that they could lead the NU together.

Strategic Questions

Syarkawie denied that the recent meeting of representatives of 22 NU provincial units only discussed the question of the Pancasila as the single founding principle of the organization. Many things were discussed at the meeting, and there were even some who discussed issues in a fundamental way. He added: "Since we discussed including the Pancasila in our by-laws, certainly we discussed questions of strategy."

Regarding the Pancasila as the single founding principle, he recalled that this matter is the legal result of a decision by the MPR [People's Consultative

Assembly], which is binding on all community groups without exception, including the NU itself. He said: "Therefore, this is a matter which should be studied without any allegations of prejudice."

On that basis the 22 provincial representatives unanimously decided (see PELITA on 9 December 1983) that this should eliminate any doubts in the Muslim community about the validity of the Pancasila as a single founding principle. He said: "If Cak Dur (Abdurrahman Wahid) has a connection with religion, that is a matter for the organization section at the next NU party congress."

He asked what the problem was if the proposed NU by-laws mention that the organization is an Islamic religious and social body named the Jam'iyah NU, or NU for short, established on 31 January 1926 for an indefinite period of time. In the next paragraph it would state that the NU was founded on basis of the Pancasila. "In view of this, why must we invite ulama to look through all of the Holy Scriptures and make an issue out of what is already clear. This would be a mistake which would complicate things for the ulama and create misunderstandings with the government. I think this way because experience is our best teacher," he said.

Regarding the NU National Conference in Kaliurang [Central Java] (end of August to the beginning of September 1981), he said that this should have discussed religious questions. However, a number of decisions were made which involved political practices, such as a recommendation to the NU Executive Committee that it demand a certain quota of Parliament members for 1982.

Not True

In that connection Dr Romas Djajaseputra, a member of Parliament, stated in a press release that it was not true that NU members had stated that Alamsjah Ratu Prawiranegara, coordinating minister for public welfare, sympathized with the Idham Chalid group in the NU. As a high-ranking state official Alamsyah could not do this.

It is known that the government continues to hold the view that it will not take sides in the NU leadership crisis.

Indeed, there are people who are used to spreading lies and fabricating reports with the intention of involving other people in order to create the impression that they have lost out to the strongest group.

Therefore, in accordance with the by-laws and by returning to the 1926 statement of principles, which was approved by the NU Congress in Semarang [Central Java], all of these problems will be resolved at the NU National Conference of Ulama in Situbondo. As a result, the next NU National Congress will function more smoothly.

Dr Romas Djajaseputra felt that the most appropriate person for organizing the next National Congress would be the general chairman of the NU.

NU National Conference of Ulama Opened

Jakarta KOMPAS in Indonesian 19 Dec 83 pp 1, 5

[Text] Situbondo, KOMPAS--Considered section by section the Pancasila basically is not in conflict with Islam, unless it has other views and actions added to it which are in conflict with Islamic teaching. With this in mind the Pancasila should be considered further with a philosophic standard of thought in mind.

Because the ulama still are not accustomed to think in philosophical terms in the broadest sense of the word but are rather accustomed to think in religious terms, it is also realized that there is a need to coordinate various understandings of the Pancasila among the ulama in particular and among NU members in general.

K. H. Ali Ma'shum, general chairman of the Executive Committee of the NU Advisory Council, emphasized these points on Sunday morning [18 December] when he opened the NU National Conference of Ulama at the Salafiyah Syafi'iyah Pesantren in Sukorejo, Asembagus Sub-District, 32 kilometers East of Situbondo, East Java. He said: "The Pancasila is our national philosophy. It is not a religion. Religion is based on divine revelation."

He added: "The essence of Islam is directed at "ahlussunnah wal Jama'ah" [the good of the community], and this is a kind of filter for other kinds of thought, such as extremist thinking, Shiite thinking, and so forth."

Meanwhile, K. H. R. As'ad Sjamsul Arifin, the principal of the Salafiyah Syafi'iyah Pesantren, as the host of the National Conference, declared that on many occasions NU programs at the central level were not implemented at the pesantren level. In this connection it was known that the impact and charisma of the NU could not be separated from the charisma of the ulama in the local pesantrens.

Kyai As'ad said: "However, we also know very well, and it cannot be denied, that during the past decade the role of the local pesantren and that of the ulama have begun to be disregarded. Perhaps this is one cause of the development of friction between our leaders over the basic values of our righteous struggle."

The speech opening the National Conference, delivered by K. H. Ali Ma'shum, the general chairman of the NU, was in Arabic, and a translation into Indonesian was read by H. A. Chamid Widjaja, acting as the preacher [katib]. The speech of welcome by K. H. As'ad was also in Arabic, but due to his health he did not deliver it in person. It was read by K. Hasan Basri, and the translation into Indonesian was read by H. Sahrawi Musa, master of laws.

The National Conference will continue until 21 December and will aim at discussing various aspects of the development of the NU, in the framework of increasing its service to the Islamic religion, the nation, and the government, in accordance with the program adopted at the time it was established in 1926. Under Section 7 of the NU by-laws, the Advisory Council is the highest leadership level of the NU. It has the function of developing, guiding, directing, and supervising the activities of the NU. Another leadership institution of the NU is the executive board [Tanfidziyah], which handles daily administrative activities.

In addition to more than 400 delegates attending the National Conference, there are 450 observers and 350 specially invited guests. K. H. Dr Idham Khalid, general chairman of the Executive Committee of the NU, which was elected at the 26th NU National Congress in Semarang, held from 5 to 11 June 1979, did not attend the National Conference because he was not invited. In this connection, at the NU National Conference held at Kaliurang, near Yogyakarta, from 30 August to 2 September 1981, Idham Khalid was invited to attend because as general chairman of the Executive Committee of the NU he was an ex officio member of the leadership group of the Advisory Council.

H. M. Anwar Nurris, deputy secretary of the Central Executive Committee of the National Conference, said, in answer to questions from reporters at Sukorejo: "It was the leadership of the Advisory Council which decided who was to be invited. And Idham Khalid was not invited. That is all I can say."

Anwar Nurris was not prepared to comment, when he was asked whether the failure to invite Idham Khalid was a consequence of his controversial resignation as general chairman of the Executive Committee of the NU on 6 May 1982. One group says that his resignation was legal and that K. H. Ali Ma'shum, is now the general chairman of the NU and also the acting general chairman of the Executive Committee of the NU, even though Idham Khalid withdrew his resignation on 14 May 1982. On the other hand, another group continues to regard Idham Khalid as general chairman of the Executive Committee of the NU.

Prof K. H. Anwar Mushadad, deputy general chairman of the NU; K. H. Ali Yafie, deputy chairman; and H. Imam Sofwan, deputy chairman of the Executive Committee of the NU, also did not attend the National Conference.

Ups and Downs

General Chairman Ali Ma'shum said that the return to power of the NU was something that was very possible before long if one reflects on the history of the NU and its ups and downs.

He said that, as is generally known, the time beginning with the establishment of the NU and continuing until 1966 was a period of development, which climaxed with its high point of influence during the period from 1967 to 1969. Later on, from 1970 to 1982 the NU faced uncertain times. If these facts are considered carefully, it will be seen that the high points of NU leadership occurred at times when the NU was closely connected to and cooperated with the government. And the period when the NU experienced uncertain times was when it was out of the government, for one reason or another.

Ali Ma'shum said: "Now we and our friends in the Executive Committee of the NU have led the way in re-establishing our close connections with the government. God grant that in a short time we will be successful. We have tried to clear up a number of misunderstandings once and for all, with the result that we will be in a position where there are no more doubts and suspicions between us. We have consulted with the government on problems involving national regulations, so that we may be able to find a solution which is beneficial to all concerned."

He said that in fact in terms of an orientation program several initiatives have been announced since the 25th National Congress in Semarang in 1979. Several NU programs fit in with and support national development programs. He added: "However, unfortunately, we never looked at the evidence supporting these carefully prepared programs, and the NU looked like a bunch of dolts as far as national development activity was concerned."

Regaining Success for the NU

K. H. As'ad Sjamsul Arifin expressed the hope of seeing a return to success for the NU. How enthusiastic NU members have been who live near the pesantren where the National Conference is being held, in making the conference a success. They have flocked into the pesantren with needed supplies, in their effort to welcome and show respect for the ulama. Those attending the National Conference also are trying to bring the NU back to the successes of the past.

The participation of the Muslim community of East Java in the preparations for the NU National Conference at the pesantren in Sukorejo, in Asembagus Sub-District, is very evident. Support is coming from a number of remote villages, coordinated by NU sub-branch councils in the sub-districts of East Java.

By 17 December assistance recorded included the gift of 17 cattle, 40 sheep, hundreds of chickens, and spices for cooking. K. H. As'ad said: "We had to decline much of the assistance offered, because we were afraid it would be wasted. And if we add it all up, we could hold the NU National Conference four or five times with what has been contributed."

The atmosphere at the pesantren and outside it was increasingly a happy one. There were many people selling food, drinks, books, and clothing. They occupied 70 stalls and came from several areas outside of Situbondo, such as Banyuwangi, Gresik, and Madura.

H. M. Sahrawi Musa, an assistant to Kyai As'ad, said that in the history of the pesantren at Sukorejo serving the NU National Conference was the greatest event and it was the first time such a meeting was held at the pesantren. He said: "This is really a national conference of ulama. What more could we ask for? For the ulama, it is enough to have a place to sleep and meet and to have a mosque."

NU Congress Must Not Ignore Results of Ulama Conference: A. Wahid

Jakarta KOMPAS in Indonesian 20 Dec 83 pp 1, 12

[Text] Situbondo, KOMPAS--The results of the NU National Conference are not binding on anyone, in an organizational sense. However, the conference conclusions are binding on everyone in a moral sense because they involve the power of the opinions of the NU ulama. This view represents the agreement or consensus reached by the kyai [Muslim teachers]. If this view is disregarded at the forthcoming NU National Congress, it will destroy the foundations of the powers of the NU ulama.

This was stated by H. Abdurrahman Wahid, chairman of the Central Preparatory Committee of the NU National Conference of Ulama, in answer to questions from reporters at the Salafiyah Syafi'iyah Pesantren in Sukorejo [East Java] on Monday [19 December]. He made this statement in connection with the non-attendance at the conference of Prof K. H. Anwar Musaddad, deputy general chairman of the NU, and K. H. Ali Jafie, deputy chairman, as well as the failure to extend an invitation to K. H. Idham Chalid, who, according to some groups in the NU, is still regarded as the general chairman of the Executive Committee of the NU Advisory Council.

Abdurrahman Wahid said: "According to the Executive Committee of the Advisory Council, K. H. Idham Chalid is no longer general chairman of the Executive Committee of the NU. For that reason he was not invited. And that was done in order to avoid complicating things, for the questions to be considered are serious and important. Therefore, we wanted things to be simple. Things would have been too difficult if this National Conference had been followed by complex problems."

He also declared that the National Conference will not discuss questions of structure and personnel. This supports the statement of K. H. Masjkur, the deputy chairman, in his press conference that had taken place previously. K. H. Masjkur had said: "The National Conference will not discuss personnel questions because this is a matter for the NU National Congress. Decisions of the National Conference affecting the by-laws are only recommendations to the National Congress." K. H. Masjkur and Ali Ma'shum, the general chairman, are members of the preparatory committee for the National Conference of Ulama in Sukorejo.

Relations with the PPP

Abdurrahman Wahid said: "The NU cannot break off relations with the Development Unity Party [PPP] because there are too many NU members in it. The question is how to distinguish between the NU and the PPP. What is also important is the fact that the NU is one of the signatories of the declaration establishing the PPP, and this is binding on us."

He added that in view of the relations between the NU and the PPP it must first be decided whether the founding declaration of the PPP is automatically void because it created a complete fusion of the two groups. And the problem is that it not only involves distinguishing between the NU and the PPP, but also affects the relations of the NU with other organizations.

The founding declaration of the PPP was signed by four political parties based on Islam on 5 January 1973 in Jakarta, that is, the NU, the Indonesian Islamic Union Party (PSII, now called Serikat Islam--Islamic Union--in the short form), the Indonesian Muslim Party [Muslimin Indonesia--MI], and the Perti [Islamic Educational Union].

The question of relations between the NU and the PPP was the subject of questions by the journalists, because both General Chairman Ali Ma'shum and K. H. R. As'ad Sjaamsul Arifin, the director of the Sukorejo pesantren, at the opening of the National Conference on Sunday [18 December] indirectly indicated that the PPP was facing a crisis and a number of problems.

K. H. As'ad Sjamsul Arifin (86 years old) said: "How sad it is to see leaders who set aside the values of service and self-sacrifice in the interests of the people who are members of the NU. How sad it is to see leaders who only use the NU as a vehicle to seek positions and facilities. May Almighty God have mercy on them and make them aware of their duty to return to the straight and narrow path, a path of service and self-sacrifice, as was intended by the ulama who founded our beloved NU." K. h. As'ad is advanced in age, but he is very influential and has great charisma.

Three Committees

On the second day of the NU National Conference of Ulama [19 December] those attending began to consider the material prepared by three committees. Committee I considered questions involving religious law and was chaired by K. H. Sahal Machfudh. Committee II considered the revision of the basic statement of the NU in 1926 and was chaired by H. Chamid Widjaja. Committee III considered community affairs.

Of the three committees, Committee II had the most difficult task, but it attracted the largest number of those attending the conference. This was evident from the fact that 230 conferees registered to attend the work of this committee, compared to 150 conferees for Committee I and 50 conferees for Committee III.

The leadership of Committee II was strengthened by including several practical politicians, such as H. Said Budairy and H. Anwar Nurris (respectively, the secretary and deputy secretary of Committee II); K. H. Masjkur; H. Imron Rosjadi, master of laws; K. h. Achmad Siddiq (an adviser from the Executive Committee of the NU Advisory Council); and Dr K. H. M. Tolchah Mansoer.

In the working paper on revision of the NU Statement of 1926, which was presented by K. H. Achmad Siddiq to the plenary session of the National Conference on Sunday evening [18 December], which was presided over by K. H. Masjkur, the second chairman of the NU, Achmad Siddiq, declared that the position of the ulama in the NU was the central factor. The ulama were the founders of the NU, they control the NU, and they provide leadership to the membership. He added: "It is not only true that this community is called the Nahdatul Ulama; it is not the Nahdatul Ummah [Awakening of the People] or the Mahdhatul Muslim [Muslim Association] or some other name. The name indicates that this association is a group of ulama and their supporters."

He stated that when the position of the ulama is so clear, the course to be followed by the NU is also clear. However, history records that there have been changes in the position of the ulama within the NU. Indeed, "technocrats" who should be called "persons trusted" by the ulama, in some cases have adopted attitudes in conflict with the ulama who, it should be noted, have a formal, organizational position (as advisers). He said: "It is this attitude which has shaken the foundations of the NU."

An awareness that there were indications and threats of danger had long been present within the NU. Indeed, a number of decisions had been made to "return to the 1926 Declaration," in order to clarify the position and functions of the ulama in the interests of the continuation of the NU. However, up to now nothing had been

done about this. Various kinds of excuses and tactics had created obstacles, and these must still be faced and overcome by the unanimous determination of all.

Organizational Steps

In the working paper organizational steps were discussed which need to be considered by the National Conference. The powers of the ulama (from the Advisory Council) need to be clarified, in accordance with their function of controlling the NU. That is, NU leaders at all levels are ulama from the Advisory Council. Those elected by conferences at various levels (from the National Congress down to meetings of branch members) can only be ulama from the Advisory Council. Executive leaders (Tanfidziah) can be appointed and dismissed by leaders from the Advisory Council, taking into consideration the results of the conference. "To balance the extensive powers of the Advisory Council, there need to be more precise regulations concerning the election of members of the Advisory Council at all levels," he said.

Regarding the right to engage in political life, he stated that this was a basic right of all citizens, including those who are members of the NU. However, the NU is not merely a vehicle for practical political activity. The exercise of the right to engage in political activity must be employed in accordance with the regulations and laws, by following the rules of religion and the principles of morality, leading to the creation of a healthy political culture.

Therefore, the NU respects the citizens who properly and sincerely exercise their political rights. The NU accords its members full freedom to enter or to decide not to enter any political organization and to channel their political aspirations through the political organization of their choice as long as this is useful and does not damage the Islamic religion and the struggle of the Islamic community.

The Pancasila As a Founding Principle

Regarding the government's suggestion that all community groups and organizations declare that they were founded on the sole basis of the Pancasila, the NU wishes to state its views. By making this request the government did not mean that it was inviting the NU to accept the Pancasila as a single founding principle while setting Islam aside at the same time. The NU approves of the Pancasila, based on the views of the NU Advisory Council, and not merely on the basis of political considerations. The NU continues to be fully oriented toward the teachings of Islam. Achmad Siddiq said: "The NU is convinced that these three considerations can be fully supported."

At the end of the presentation of the working paper he concluded that the NU can be said to have met the government's request regarding the single founding principle, with the understanding that this does not mean that the NU is setting Islam to one side. On this basis it is proposed that the NU National Congress in 1984 make certain changes in the by-laws of the NU. These would include inserting the basic attitude of the NU in the by-laws, reflecting its full attachment to the Islamic religion and the attitude of the NU toward the Republic of Indonesia, based on the Pancasila and the Constitution of 1945, as well as the basic strategy of the NU in the development of our nation, community, and state.

In addition, certain paragraphs of the by-laws should be re-drafted, stating that the Pancasila is the single founding principle of the NU and adding to several paragraphs the phrase, "returning to the NU Declaration of 1926."

Challenge

Abdurrahman Wahid stated that Kyai As'ad, in stating that the NU has neglected the community schools [pesantren] for a long time, meant that the NU has members in various parts of the government and Parliament, but it is useful for them to return to the NU in the sense that there are almost never any clear results of their work. If something useful is done, it is done by the pesantren itself. The next question is, if that is so, then what are they doing in the government and Parliament?

In Abdurrahman Wahid's view, the statement by Kyai As'ad is a kind of challenge to any NU member who is active in community affairs. The second chairman of the Advisory Council said: "Are you a person who has become a representative of the people there, who has become their point of contact and source of information to do something concrete for the lower levels of society?"

He continued: "Many things have been done, but if these do not have any concrete meaning, isn't this merely action for its own sake or playing with reality? This may be due to the circumstances, but after these people have been criticized by the community and attacked by the religious leaders, they will certainly change their attitude."

Touching on the matter of the ulama adopting a philosophical point of view, Abdurrahman Wahid declared that the question is how they can improve themselves, how they can orient themselves toward the real conditions in the field. This kind of reorientation should be broadened to include urging the kiyai to think in broad, philosophical terms and to use clear concepts and words. And this is something concrete which can be done. Abdurrahman Wahid asked in conclusion: "If they just maintain their position in society and so forth, what good is it?"

5170

CSO: 4213/127

GOLKAR SURE OF VICTORY IN NEXT ELECTION

Jakarta HARIAN UMUM AB in Indonesian 15 Dec 83 p 1

[Excerpt] Jakarta, AB—With the acceptance of Pancasila [basic principles of the Indonesian republic] as single principle by all sociopolitical groups and other social organizations, Golkar [Organization of Functional Groups] is not worried that it will lose in the 1987 general elections.

R. Sukardi, chairman of the Golkar DPP [central executive council] and chairman of the the Development Function faction in the DPR [parliament], made this statement in response to a question at a press conference held at the DPR building on Wednesday [14 December].

He said that as long as Golkar works for rapid realization of national ideals and responds to the people's aspirations for development program successes, Golkar is not worried that it will lack voters in the next election.

Furthermore, programs and not ideology will be the issue in the election. According to Sukardi, the single principle is a matter of national agreement and does not apply merely to Golkar.

Although Golkar has worked for the application of Pancasila as single principle to all sociopolitical groups, the important thing for Golkar is that everyone abide by and be fully faithful to the 1945 constitution and Pancasila.

Golkar is therefore not worried that it will lose the election. "As long as Golkar does what is right, it will continue strong and will win the next election," declared Sukardi.

When asked whether Golkar's programs might lose to programs presented by the two other sociopolitical groups and thus lose the election, Sukardi said that it will be up to the people to decide whose programs are best.

FRETILIN REPORTS EXECUTIONS, DESERTION IN TIMOR

Perth THE WEST AUSTRALIAN in English 25 Jan 84 p 55

[Text] Lisbon, Tues--Leading people in East Timor have been captured and executed, says a statement released in Lisbon by the Revolutionary Front for the Liberation of East Timor (Fretilin).

It said that those executed were compromised by Indonesian forces that occupied the former Portuguese colony since 1975.

Fretilin forces, fighting for independence, attacked Indonesian positions around Talo and Fatubessi last week and widened operations as far as Balibo.

The statement said that 269 Timorese soldiers serving with the Indonesian army deserted between December 15 and January 5 and joined Fretilin.

The Rumah Sakit Gatot Sabroto military hospital at Jakarta was full of wounded soldiers from battles on the island and was out of bounds to civilians, Fretilin said.

The commander in chief of the Indonesian forces, General Benny Murdani was reported recently to have admitted that resistance had spread right across the island.

He launched a new appeal last December for Fretilin forces to surrender and promised them fair treatment.

The United Nations does not recognise Indonesia's annexation of the territory eight years ago.--AFP

CSO: 4200/470

ENROLLMENT OF GOLKAR MEMBERS TO BEGIN IN JANUARY

Jakarta KOMPAS in Indonesian 16 Dec 83 pp 1, 5

[Text] Jakarta, KOMPAS—The Golkar [Organization of Functional Groups] central executive council has completed several aspects of its program, including the active membership system. Sudharmono SH [Doctor of Jurisprudence], general chairman of the central executive council, told the press yesterday that the enrollment of members could begin in Jakarta in January. Other areas throughout Indonesia will follow.

Application forms have been prepared, and persons already acknowledged to be members or activists will enter "member" status directly. Persons not already acknowledged in this way will be candidate members for 1 year. This method is consistent with the law on political parties and Golkar, the intent of which is to provide for examination of candidates for membership.

Sudharmono said that rural residents may also apply for membership, although the concept of inclusion of the masses is to be maintained. Membership application in the villages is to be done through a commissioner, a method that is not contrary to the law, since the commissioner is not a director and holds no meetings. Guidance and meetings are under the direction of the level II region Golkar DPD [regional executive council].

The level II region DPD is also the headquarters for enrollment. "You may apply through me, but I will channel it through the DPD II of your area," he told reporters aboard the aircraft bringing President Suharto's party home from Kuala Lumpur.

Sudharmono emphasized that through the active membership system and member enrollment Golkar is complying with President Suharto's call that Golkar should not "meet" the public only during election campaigns. "In this way, the organization department and cadre will be active, as will other departments as they define their respective programs."

He said that financing of the organization will be through its members. "A contribution of 100 rupiahs per month, without membership fee, has been specified," he stated. He stressed that enrollment has no target in numbers of members, since the people themselves are the ones that must be active in becoming members. But if there are many of them, that is fine," he added.

Consolidation

As a continuation of the accomplishments of Golkar's Munas [national conference] III, from December to February all Golkar executive councils in level I and II regions will hold conferences. These conferences will begin on 21 December with the East Java DPD I. Other level I regional conferences will be held in January, and level II conferences will be held in February.

The organization of leadership at levels I and II will be consistent with the makeup of the central executive council as defined by Munas III, except for the numbers of departments. Although the central council has 14 departments, the level I council will have only 10 and the level II council only 5.

When asked whether President Suharto would get membership card number one, Sudharmono answered that "it would be appropriate for him as chairman of the Golkar management council."

6942

CSO: 4213/123

EDITORIAL CALLS FOR VIGILANCE AGAINST POSSIBLE ANTI-U. S. TERRORIST ACTION

Surabaya SURABAYA POST 20 Dec 83 p 6

[Editorial: "We Should Be More Vigilant"]

[Text] The Iranian ambassador to the United Nations has declared that United States buildings anywhere in the world may suffer the same fate as that which occurred in Kuwait, where the American Embassy was blown up by a bomb. Because this declaration stated "anywhere in the world," this could happen in Indonesia, because in our country there are buildings used for U. S. interests, both by the U. S. Government, as well as by private American business firms.

In connection with this statement and the fact that in Indonesia there are buildings used for U. S. interests, three members of Parliament have given their reactions to this situation. The members of Parliament are: Amin Iskandar (FPP) [Development Unity Faction], Marzuki Darusman (FKP) [Functional Development Faction], and Ipi Asmasubrata (FPDI) [Indonesian Democracy Party Faction]. Amin Iskandar said in so many words that the statement of the Iranian ambassador to the U. N. in New York needs to be taken seriously by us. Marzuki Darusman and Ipi Asmasubrata doubted whether such terrorist action would take place in our country, among other things because of the good relations between Indonesia and Iran.

Indeed, Indonesian relations with Iran are good. Iran knows that we follow a non-aligned policy. However, one objective of terrorist action is to cause fear throughout the world, in order to draw world attention to the interests of the group carrying on the terrorist action. And the greatest possible fear is caused and with maximum results when the terrorist action is carried out in some place which no one would think of. And if we recall that terrorist actions are usually not carried out by governments, but rather by groups of radicals, the Indonesian Government and its security agencies, as well as all of our society, should be more vigilant.

Because if a terrorist action should take place in our country, that may cause other terrorist actions in reprisal, with the result that such terrorism may have a negative impact on the stability of our country, which is very much in need of stability for the smooth functioning of our development program.

5170

CSO: 4213/126

MOCHTAR ON RELATIONS WITH PRC, RETURN OF PKI MEMBERS TO INDONESIA

Jakarta HARIAN UMUM AB in Indonesian 19 Dec 83 pp 1, 8

[Excerpts] Jakarta, HARIAN UMUM AB—At a press conference at the Department of Foreign Affairs in Jakarta on Friday [16 December] Minister of Foreign Affairs Mochtar Kusumaatmadja commented on Indonesian relations with the PRC [People's Republic of China]. Regarding a statement by a PRC spokesman that Indonesia was responsible for the normalization of relations between the two countries, Mochtar said that he himself had not seen the statement.

He added: "Since it was not officially transmitted to me, I don't see why it is necessary for me to engage in polemics through the mass media."

Regarding the takeover of the PRC Embassy in Jakarta, the minister of foreign affairs said that through the country representing PRC interests in Indonesia they understood what had been done, and they hoped that when relations thaw, the necessary space will be provided to them to build an embassy.

Communists

Asked about the desire of communists who are members of the PKI [Indonesian Communist Party] to return to Indonesia, Minister Mochtar said: "That question is under consideration by other services in the government."

Asked further about the possibility that the former PKI members might return to Indonesia, Mochtar only replied: "I don't know because the discussions concerning this matter have not been completed."

The minister of foreign affairs denied that in this connection Indonesian diplomats abroad had been in contact with former members of the PKI and that the former members of the PKI had made contact through an established procedure. The minister admitted that a number of former PKI members had already returned to Indonesia.

Kampuchea

Regarding the Thai proposal that Vietnam should withdraw its troops to a line 30 kilometers from the Thai-Kampuchean border, Minister of Foreign Affairs Mochtar said that this proposal was not the same as the ASEAN [Association of Southeast Asian Nations] proposal, although there are some points of resemblance.

According to Mochtar, the ASEAN proposal was far more detailed. However, since Vietnam rejected the proposal at the United Nations, it was reconsidered by senior ASEAN officials and developed further.

Asked by the press, Minister of Foreign Affairs Mochtar also said that Indonesia and Vietnam continued to be in contact in an effort to find a solution to the Kampuchean problem. However, he admitted that no agreement has yet been reached between the two countries.

Also in this connection the Indonesian minister of foreign affairs invited Nguyen Co Thach, Vietnamese foreign minister, to stop off in Jakarta during his forthcoming visit to Australia.

5170
CS0: 4213/126

INDONESIAN-ROMANIAN TRADE DESCRIBED

Jakarta PELITA in Indonesian 19 Dec 83 p 6

[Text] Jakarta, PELITA—Trade between Indonesia and Romania will be increased again. Trade between the two countries began in 1962 and was resumed in 1975. However, the balance of trade up to now has not been beneficial to Indonesia.

Mrs Paula Prioteasa, deputy minister of foreign trade of the Socialist Republic of Romania, said: "We will continue to increase mutually beneficial cooperation by increasing imports from Indonesia. In this connection it has been planned that in 1984 the value of imports from Indonesia, including rubber, coffee, rattan, crude oil, and other products, will be set at \$30 million."

Mrs Prioteasa was speaking to reporters yesterday [18 December] after a meeting with Abdul Kadir, secretary general of the Indonesian Ministry of Trade, in Jakarta.

During her visit this guest of the minister of trade had met Prof Dr Ali Wardhana, coordinating minister for economics, finance, and industry. She had also met with the ministers of mining, industry, and foreign affairs and had met with Yudo Sumbono, principal director of PERTAMINA [State Oil and Gas Company].

The deputy minister of trade of Romania was accompanied by several members of her staff and Ion Cotot, the Romanian ambassador to Indonesia. During her 3-day visit she also was able to visit Yogyakarta on Saturday [17 December]. She expressed her best wishes for an improvement of Indonesian-Romanian relations in the future.

Wins Bid

Abdul Kadir, secretary general of the Ministry of Trade, announced through the Community Relations Section of the ministry that the two countries had agreed on increasing the level of trade. Commodities which will be imported into Indonesia from Romania include chemicals and aluminum. Romania has submitted the winning bid for the supply of fertilizer and railroad equipment.

Abdul Kadir admitted that since 1976 Indonesian trade with Romania has not been beneficial for Indonesia, except in 1981, when the surplus in overall trade was \$23,151,696. This total included Indonesian rubber exports of \$10 million and

exports of other commodities such as coffee, black and white pepper, and other products.

The visit of the high-level Romanian trade official was closely related to the visit of the president of Indonesia to Romania some time ago. A meeting of the "Joint Economic Commission," composed of representatives of the two countries, will be held on 23-25 January 1984 in Bucharest.

Romanian goods exported to Indonesia during 1983 were valued at \$16.3 million, while Indonesian exports were only valued at \$5.8 million. This means that for the year Indonesia had a deficit of nearly \$10 million.

During 1976 there was a Indonesian deficit in this trade of more than \$6.5 million. In 1977 the deficit was \$2.8 million; in 1978, \$8.3 million; in 1979, \$16.6 million; and in 1980, \$45,000. In 1981 there was an Indonesian surplus of \$23,151,696. In 1982 there was again a deficit of \$27.6 million, and in 1983 the deficit will be about \$13 million.

5170

CSO: 4213/126

EAST JAVA GOLKAR TO BRING MORE YOUNG PEOPLE INTO EXECUTIVE COMMITTEE

Surabaya SURABAYA POST in Indonesian 19 Dec 83 p 2

[Text] Surabaya—Some 60 percent of the leadership of the East Java Provincial Executive Council of GOLKAR [Functional Groups political party] for the period 1983-88 will consist of young people. The leadership will be chosen at a provincial council meeting to be held from 21 to 24 December.

East Java will follow the example of the National Conference of GOLKAR, held recently in Jakarta, at which more than 50 percent of the leaders chosen were young people. However, they are already experienced people, not those who have just entered the organization and then become leaders. This was stated by Moch. Said, the chairman of the East Java Provincial Executive Council of GOLKAR, before reporters on Sunday evening [18 December].

He said that the 1979-84 leadership had not been able to deal completely with the question of cadre training but had only partly dealt with it. It is hoped that the new leadership will pay more attention to the training of cadre, which is very important in an organization.

According to Moch. Said, in addition to members of the younger generation private business figures will be brought into the new leadership, because forthcoming responsibilities will be even greater. The working program emphasizes professionalism and will also be supported by specifically directed, technical knowledge capital. He said: "Don't ask now who will come up among the private business figures—wait until they are chosen."

Careful

Essentially, the choice of the new leadership will be made in a careful and considered way. This is in accordance with the directive of the Central Executive Council that the scope of the Provincial Executive Council must fit in with overall development activity over the next 5 years. Because we are in the province concerned, we must relate our activities to our own provincial development standards, he declared.

Regarding his own willingness to take part in the new leadership, Moch. Said stated that as a person who had been educated and grown up in this area, as long as he lived he would not stop participating in our activities. He added: "I am

very happy to be active in an organization like GOLKAR. I look on this as a kind of hobby."

In the former by-laws of GOLKAR, an organization which had the same founding principles could become a member of GOLKAR. However, under the new by-laws, this is no longer the case. Membership in GOLKAR is now on an individual basis.

The first resident of East Java to declare himself a member of GOLKAR was Governor Wahono. Although this has not yet been officially resolved, he was orally declared a member on 3 December. Properly speaking, the registration of GOLKAR members will begin on 1 January 1984. However, contact has been made with Governor Wahono, who said he was ready to become a member of GOLKAR.

This was done because at the subsequent Provincial Conference of GOLKAR Governor Wahono was proposed as chairman of the GOLKAR Provincial Advisory Council. The regulations provide that to be the chairman of a provincial advisory council, an individual must already be a member of GOLKAR, Said stated.

Dues of 100 Rupiahs Per Month

The membership dues of 100 rupiahs per person per month in fact may not be collected in that way. This is because if there are 10 GOLKAR members in one family, it is felt that it would be too difficult to pay 1,000 rupiahs per month. For that reason members who are able to do so will pay dues of more than 100 rupiahs per month, for example, 1,000 or 2,000 rupiahs. This would compensate for those who cannot pay the dues.

The GOLKAR East Java Provincial Conference will be held from 21 to 24 December in Pandaan. There will be 265 persons attending, in addition to 35 observers at the district level from each regency.

This time the Provincial Conference will not be attended by leaders of organizations founded on the same principles, such as KUSGORO [Multi-Purpose Mutual Assistance Cooperative]. Those attending will be invited to do so on an individual basis. There will be 29 persons attending from various organizations, consisting of those who have become individual members of the organization.

The new leadership will consist of a chairman and three deputy chairmen, a secretary and his deputy, and a treasurer and his deputy. They will be assisted by 20 chairmen and deputy chairmen of the 10 existing bureaus, for an overall total of 26 people. This is different from the former composition, under which the BPH [Daily Working Committee] consisted of a chairman and eight deputy chairmen, a secretary and his deputy, a treasurer and his deputy, assisted by chairmen and deputy chairmen from the 10 bureaus.

For the Regional Executive Councils of GOLKAR at the regency level there will also be a decrease in the number of personnel. There will only be seven members of the BPH, consisting of a chairman and two deputies, a secretary and his deputy, and a treasurer and his deputy, assisted by 10 chairmen and deputy chairmen from the five existing bureaus.

According to Moch. Said, after the Provincial Conference is held, regency conferences will be held, beginning on 8 January and concluding before the end of February 1984.

EDITORIAL DISCUSSES DRAFT BUDGET

Jakarta BUSINESS NEWS in English 11 Jan 84 p 2

[Text]

The draft state budget (RAPBN) for 1984/85 as delivered by the President here Monday to Parliament reflects a better situation and prospect than the projections made — by the official circles themselves and non-government observers — some three or six months ago. The increase of 24.1% compared with the budget for 1983/84 anyway still reflects a rise in real terms after being reduced by the inflation rate of 11.46%. But on the other hand we should be very cautious in comparing RAPBN 1984/85 with the budget for 1983/84, otherwise we may be trapped in misleading conclusions. One thing we should not overlook is the effect of the 28% rupiah devaluation on several items in the draft, for instance the oil corporate tax, the value added tax (through what used to be called the import sales tax), the import duty, the export tax, project aid, overseas personnel expenditures, foreign debt instalments, etc. Furthermore if we say that the RAPBN is better than the projections ever made previously, it does not yet mean that there is room for carelessness. It is even the other way round : as has also been stated by President Soeharto in his speech to introduce the RAPBN before Parliament, the situation remains difficult and we are still required to work hard.

What is most relieving compared with the previous projections is the picture of the balance of payments, in which for 1983/84 it is expected, for example, that a surplus worth US\$ 1,711 million will be realised. Similarly the current account deficit in the balance of payments for the period is only estimated at US\$ 5,058 million, while preceding figures put it at US\$ 5.6 or even US\$ 5.9 billion. Even for 1984/85 the condition of the balance of payments is still not so bad, viz. with

an estimated surplus of US\$ 193 million and a current account deficit of only US\$ 4,936 million.

The balance of payments that enables this increase in foreign exchange reserves seems to be a central factor in the government's strategy of economic policies, because it enhances the possibility of seeking loans abroad and thus maintaining development at a fair degree.

This naturally requires that the existing funds should be used efficiently and effectively. It means that leakages and corruption must be limited to the minimum, if they cannot yet be totally eradicated. Increased efficiency in the state apparatus of course cannot only be expected from the civil servants' 15% salary rise alone, even more so because this salary increase has been overwhelmed by inflation for quite a long time. The government therefore will have to seek other ways and means to boost the efficiency and effectiveness in the state apparatus, which apparently should be more sought in the institutional sphere.

The magnitude of RAPBN 1984/85 is for the greater part determined by what can be expected to take place in the oil sector. According to the Minister of Mines and Energy, the RAPBN assumes that the oil price level abroad as well as the OPEC production quota will remain unchanged. It means the price of US\$ 29.50 per barrel for Indonesian oil and the daily production rate of 1.3 million. This assumption will hopefully materialize — i.e. the price and quota will not decline — let alone in the 2nd and 3rd quarters of the 1984 calendar year when most advanced countries are in their summer season.

Though no announcement has been made yet on when and how much prices of oil products are to be raised, in this year we can already predict that inflation will soar in the month of such announcement. For the following months the monetary authorities can be expected to control the monetary condition very tightly. This gives an idea how the business sector will be facing many problems as a result of tight credits and high interest rates.

What we hope is that the opportunities for the business world will open wider in connection with the economic recovery in the advanced countries, which has proceeded fairly smoothly in the US and is expected to "drag" along the economies of Europe and Japan. But since the US economic revival has so far been more consumer-led than investment-led, the general prospect of the recovery also remains unstable.

Such a general condition necessitates us to give particular attention to some items like tax revenues, which are expected to rise by over 21%, and non-oil/gas exports, which will hopefully reach US\$ 5.7 billion. It is obvious that in order to make the expectations come true, government measures and policies reflecting reform and creativity in supporting moves such as the issuance of credits, the provision of incentives etc. as well as in the control of their implementation, will be required.

Jakarta, January 10, 1984

CSO: 4200/465

EDITORIAL DISCUSSES GOVERNMENT EFFORT TO POPULARIZE TAXES

Jakarta BUSINESS NEWS in English 11 Jan 84 pp 3, 4

[Text]

The reform in the tax system starting with the issuance of three laws on taxation is facing an important yet very difficult problem, viz. how to induce understanding among the public at large of their obligation to pay taxes. With the revenue setback suffered by the oil sector this problem indeed becomes even more urgent. It is therefore only too proper that the government among others plans to arrange taxation programs on TVRI biweekly. Besides explanations or interviews, it will be worthwhile if such programs also for instance receive and answer questions asked by the general public. The government has also rightly intended to handle this problem regionally.

The main issue that must be solved is obviously how to increase the number of taxpayers. The Minister of Finance at a meeting with chief editors of mass media here Thursday night among others gave an example that only 600,000 taxpayers are registered, comprising companies as well as individuals. As a result, income/revenue tax receipts for 1983 only constitute 2.6% of the Gross Domestic Product, far lower than the average level for 66 other developing countries, i.e. 4.77%. Similarly, sales tax receipts for 1983 only form 1.16% of the GDP, compared with 4.26% as the average for the 66 developing countries. Sales taxpayers total only 70,000. Against Indonesia's population of more than 150 million, quite a

lot of tax evasions are evidently at large in this country.

This situation is attributable to the taxpayer as well as the tax apparatus. It has been public knowledge that "compromise" has very frequently been achieved between the taxpayer and tax personnel. Furthermore, of the amount paid by the taxpayer only a small portion is actually received by the state treasury. If only the small sum he pays were fully received by the state treasury, tax revenues would perhaps become five or ten times bigger.

The present tax laws expect the taxpayer to fulfill his obligation more honestly because tax rates are reduced. Those with income exceeding the untaxed income who have so far evaded tax payment are also expected to report, because in the new tax system they are treated as citizens of an independent country. In this way the government hopes that the number of taxpayers who fulfill their obligation will increase, and tax revenues will rise despite the tax rate reduction.

In addition, the new system will also minimize the chance for the tax personnel to meet the taxpayer, so that the opportunity for "compromise" is reduced. Even if the tax personnel come face to face with the taxpayer, based on the new system the tax officers in charge are required to check the truth of the taxpayer's reports doubted.

Let us pray that the government's expectations will materialize. But frankly speaking we doubt all this. First, will those already accustomed to tax evasions abruptly become honest people, merely because they are treated as citizens of an independent country? Second, if the tax personnel meet the taxpayer for checking, why should the chance for "compromise" be less than previously? Let alone the fact that the punishment is now more severe: submitting false reports, or even negligence in reporting, is taken as a criminal act. Under more difficult circumstances, the chance for "compromise" is greater, though the cost multiplies.

In order to reward tax evaders who have shown "remorse", the government will grant conditional pardon. That is, the tax for 1983 must be paid truthfully before March 31, 1984, and that for 1984, 1985 and 1986 must also be settled in the same way. If this requirement is fulfilled, the tax underpayments for 1982, 1981, 1980 etc. will be overlooked.

However, though we are also praying that the conditional pardon will be able to appeal to the public to pay their taxes truthfully, we are inevitably still doubtful. The essence of this pardon turns out to be far less significant than what appears on the surface. In 1986 all the tax underpayments of 1981, 1980 etc. will have become overdue, thus in reality the tax deficiency overlooked is only that for 1982. Will those already used to taking risks and having "compromise" suddenly become "trustworthy" for good merely to gain pardon for a single year's tax?

So it indeed is not easy to arouse public awareness of their tax payment obligation. The Minister of Finance has also realized this, and hopes that the first two years will be those of "learning" for some lessons. Let us hope that the "lessons" will not take longer time. Because the situation is in fact urgent.

Jakarta, January 7, 1984

CSO: 4200/465

1983 CAPITAL INVESTMENT FIGURES

Jakarta BUSINESS NEWS in English 13 Jan 84 p 4

[Text]

Belgium ranked first in making investments in Indonesia in 1983 with total investments amounting to US\$ 803.1 million. The second place was occupied by Japan with total investments amounting to US\$ 517.9 million, followed by the United States with US\$ 509.1 million worth of investments last year, data recorded by BKPM (Investment Coordinating Board) show.

Big investments also came from a group of countries, which recorded total investments of US\$ 338.8 million in 1983, and West Germany, with capital investments worth US\$ 98.7 million in the same year.

The value of investments made in 1983, compared with that in 1982, indicated an increase of 647.6% for the United States, 143.7% for the group of countries, 31.2% for West Germany and 24.2% for Japan. But on the contrary, Belgium recorded a decline of US\$ 0.254 million because of the change of the status from PMA (foreign investment) to PMDN (domestic investment).

For investments under the PMDN (domestic investment) scheme, West Java accommodated the biggest domestic investments in 1983 with investments amounting to Rp 1,977,010 million. Central Java ranked second in the absorption of domestic capital in 1983 with investments worth Rp 1,346,981 million, followed by Jakarta with total investments amounting to Rp 974,854 million. East Java was at the

fourth place and Riau at the fifth place, with total investments of Rp 940,595 million and Rp 520,252 million respectively.

The total of domestic investments made last year, compared with that recorded in 1982, showed an increase of around 2,473.7% for Riau, 741.6% for Central Java, 155.5% for West Java, 55% for Jakarta and 53.8% for East Java.

West Java also occupied the first position in the absorption of PMA investments (investments under the foreign investment scheme) in 1983, with total PMA investments amounting to US\$ 1,151.6 million (up by 171.2% compared with 1982). The second place was occupied by Jakarta, which absorbed PMA investments worth US\$ 737.6 million (down by 27.8%), and Aceh was at the third place with PMA investments totalling US\$ 418.2 million (no investment made in 1982). East Java ranked fourth and Riau was at the fifth place with total PMA investments respectively amounting to US\$ 94.7 million (up by 1,591.1%) and US\$ 72.4 million (up by 160.4%).

New PMDN investments made in Indonesia in 1983 have created jobs for 143,320 Indonesians and 1,963 expatriates, while PMA investments in the same year have given jobs to 19,430 Indonesians and 710 expatriates. The number of those working in PMDN and PMA projects in Indonesia in 1983 stood at 165,423 (162,750 Indonesians and 2,673 expatriates), compared with 118,967 (117,536 Indonesians and 1,431 expatriates) in 1982.

The number of expatriates working in Indonesia showed a sharper increase (around 86.8%) in 1983, as metal/machinery, paper and cement industries, which apply high technology, need more foreign experts to transfer their expertise to their Indonesian counterparts.

Viewed from the number of workers absorbed by each sector through PMDN projects in 1983, the agricultural/ plantation sector ranked first with the creation of jobs for 33,400 people, the metalware

industry ranked second with 20,327 workers, followed by the food processing industry with 14,054 workers and the non-metal mineral industry with 12,400 workers.

Through PMA projects, the metalware industry absorbed 9,311 workers in 1983, the biggest compared with other industrial fields. The paper industry absorbed 2,878 workers, the second biggest; the construction industry and the base metal industry respectively occupies the third place with 1,711 workers and the fourth place with 1,523 workers.

CSO: 4200/494

MILITARY ACTIONS CAUSE GREATER FAMINE IN EAST TIMOR

Lisbon O DIA in Portuguese 8 Jan 84 p 10

[Text] According to Catholic and diplomatic sources in Jakarta, Timor's already precarious food situation deteriorated greatly as a result of recent military operations against FRETILIN guerrillas. These operations have spread privation in various regions.

The Indonesian army has been carrying out large cleanup operations in this former Portuguese territory since August 1983. Indonesia annexed Timor by force in December 1975 after the MFA/PC [Armed Forces Movement/Communist Party] inspired civil war.

Indonesian troops numbering between 10,000 and 12,000 men are supported by helicopters, "Max" vehicles and antiguerrilla airplanes. FRETILIN forces number a few hundred. However, they enjoy the more or less active support of the population, observers emphasize.

The military operations in Timor (which has a predominantly Catholic population of 550,000 inhabitants) have completely disrupted the already precarious supply of food. Many crops were destroyed and farmers cannot go to work or gather food in the forests. According to Catholic sources, the great poverty is made worse by the waves of refugees, especially in Viqueque (central Timor) and Lospalos (east). There are 3,000 refugees living around Viqueque.

Several sources, including diplomatic ones, confirm there is a great food shortage in Timor.

Monsignor Carlos Filipe Ximenes Belo, Dili's [the regional capital] apostolic administrator, expresses great alarm and describes the shortages existing in several regions in a confidential letter dated the end of December 1983 and received in Jakarta.

The 35-year old Monsignor Belo is generally considered a moderate. He replaced Father Costa Lopes last May. Father Lopes was very popular in Timor and known for his stand against the "Indonisation" of this former Portuguese province. Costa Lopes' departure was seen as a goodwill gesture on the part of the Vatican toward Jakarta.

Reliable sources in Jakarta revealed that Belo received a written "warning" from the local religious affairs office after he protested against the "arrests and violence in Timor" in a sermon delivered last October.

On the other hand, the Indonesian Bishop's Conference, often considered sympathetic to the local authorities, sent a six page letter to the Timorese clergy on 17 November 1983. The bishops' conference assured the clergy of its solidarity and demanded respect for human rights in Timor.

The bishops write in this first letter on this "burning" issue: "We are with all of you wholeheartedly. We are especially with those who lost their parents, children, close family members, friends and all those who lost property, those who no longer have a source of income and even those who lost their lives.

This was the first time the Indonesian Bishops' Assembly (MAWI) expressed, in an open letter, its concern for the situation in Timor and demanded a "greater spirit of equality" on the part of the leadership.

The battles, imprisonments and dislocation of people continue in Timor. A reliable source reports that 600 people were recently arrested for interrogation in Dili, 125 in Baucau and 34 in Viqueque. A Catholic source adds that eight students between the ages of 14 and 15 were arrested in Viqueque and placed "for several days in such a narrow place that they were unable to sleep."

According to the same sources, several dozen people, among them three children, were kidnapped by "plainclothes strangers". It is feared they will suffer the same fate as the 3,000 or 4,000 offenders who have been killed by unknown assassins throughout the Indonesian archipelago since April 1973.

Moreover, 130 Timorese militiamen (hansips) from the Indonesian army were disarmed and imprisoned: 90 are still in prison but the whereabouts of the other 30 are unknown to these same sources. Eighty-six militiamen deserted with their weapons to FRETILIN in August 1983.

It is very difficult to determine how the confrontation between the Indonesian army and FRETILIN is going. Military operations continue to be top secret in Jakarta, where many rumors speak of important battles.

At Christmas, General Benny Murdani, the 51-year old Catholic commander of the Indonesian army, sent an appeal to FRETILIN members "in the mountains, the jungle, the caves and in the cities" to give themselves up to the authorities. It is reported in Jakarta that the military operations begun last August may end in February. The 550,000 inhabitants of East Timor are completely isolated from the rest of the country. Special authorization is needed to go or even make a telephone call there. For security reasons, not even the International Red Cross can go into the interior. It remains in Dili and on Atauro Island, where about 2,100 FRETILIN sympathizers are being held prisoners.

The Red Cross International Committee continues its humanitarian program of "reuniting families" and several dozen Timorese were able to emigrate legally to Portugal. The situation remains blocked at the diplomatic level. The United Nations, which does not recognize Indonesia's annexation of Timor, is trying hard to find a solution to this 8-year old problem.

INFLATION RATE 11.4 PERCENT IN 1983

Jakarta BUSINESS NEWS in English 13 Jan 84 p 5

[Text]

Indonesia's inflation rate stood at 11.46 percent in 1983 (from January to December), showing an increase compared with 7.09 percent in 1981 and 0.69 percent in 1982.

The inflation rate reached 7.33% in the first nine months of the 1983/84 fiscal year, from April to December 1983, indicating an increase as against 4.27% in the corresponding period in fiscal 1982/83.

The combined consumer price index based on the development of prices in 17 capitals of provinces indicated an increase of 0.60 percent in December 1983, compared with 0.28 percent in the previous month.

The combined inflation rate in 17 provincial capitals is as follows:

Group	Fiscal year*)		Fiscal year**)	
	1982	1983	1982	1983
1. GENERAL	9.69	11.46	4.27	7.33
2. FOOD	7.29	10.04	5.02	11.58
3. HOUSING	14.33	12.91	4.73	4.00
4. CLOTHING	3.39	4.31	2.34	4.51
5. MISCELLANEOUS	11.79	16.29	2.91	5.12

*) from January to December

**) from April to December.

Data recorded by BPS (Central Bureau of Statistics) show that the consumer

price index usually rises at the end of the year. The increase was recorded at 0.51 percent in December 1981 and 0.61% in December 1982. The increase is attributable to price hike in the food group, including cooking oil, onion/garlic, chili pepper, rice and vegetables.

In December 1983, inflation occurred in 17 provincial capitals monitored. Padang recorded the highest rate (1.90%), followed by Denpasar (1.81%). In the same month, deflation was recorded in Palembang and Kupang, with a deflation rate of 0.10% and 0.42% respectively.

CSO: 4200/494

BALANCE OF PAYMENTS IN 1984/85

Jakarta BUSINESS NEWS in English 13 Jan 84 pp 6, 7

[Text]

The estimated balance of payments of Indonesia in 1984/1985 fiscal year is as follows: (in million US dollars)

	Projection in 1984/85
I. Goods and Services :	
1. Export (FOB)	+ 19,525
Oil	+ 13,825
Non-oil	+ 5,700
2. Import (C&F)	- 19,172
Oil	- 4,506
Non oil	- 14,666
3. Services	- 5,289
oil	- 2,565
non oil	- 2,724
4. Current Transaction	- 4,936
oil	+ 6,754
Non-oil	- 11,690
II. S D R	-
III. Inflow of Capital	+ 5,626
1. Program aid	+ 67
2. Project aid & others	+ 5,559
IV. Flow of other capital	+ 800
V. Payment of debts	- 1,297
VI. Total (I to V)	+ 193
VII. Balance not yet calculated	-
VIII. Monetary flow	- 193

BALANCE OF PAYMENTS FOR 1979/1979 - 1983/1984
(IN MILLION US DOLLARS)

	1978/1979	1979/1980	Change in £	1980/1981	Change in £	1981/1982	Change in £	1982/1983	Change in £	1983/1984 (project- ion)	Change in £
I. GOODS & SERVICES											
1. Export (FOB)	+ 11,353	+ 17,820	+ 57.0	+ 22,470	+ 26.1	+ 23,606	+ 5.1	+ 18,869	- 20.1	+ 19,072	+ 1.1
Oil	+ 7,374	+ 11,649	+ 58.0	+ 16,883	+ 44.9	+ 19,436	+ 15.1	+ 14,976	- 22.9	+ 14,322	- 4.4
Non-oil	+ 3,979	+ 6,171	+ 55.1	+ 5,587	- 9.5	+ 4,170	- 25.4	+ 3,893	- 6.6	+ 4,750	+ 22.0
2. Import (C&F)	- 9,426	- 12,631	+ 34.0	- 17,168	+ 35.9	- 19,833	+ 15.5	- 19,607	- 1.1	- 18,924	- 3.5
Oil	- 1,883	- 3,534	+ 87.7	- 5,255	+ 48.7	- 5,497	+ 4.6	- 4,559	- 17.1	- 4,524	- 0.8
Non-oil	- 7,543	- 9,097	+ 20.6	- 11,913	+ 31.0	- 14,336	+ 20.3	- 15,048	+ 5.0	- 14,400	- 4.3
3. Services	- 3,082	- 3,612	+ 17.2	- 4,863	+ 34.6	- 6,043	+ 24.3	- 5,871	- 2.8	- 5,206	- 11.3
Oil	- 1,481	- 1,675	+ 13.1	- 2,539	+ 51.6	- 3,487	+ 37.3	- 3,218	- 7.7	- 2,793	- 13.2
Non-oil	- 1,601	- 1,937	+ 21.0	- 2,324	+ 20.0	- 2,556	+ 10.0	- 2,653	+ 3.8	- 2,413	- 9.0
Non-oil	- 1,601	- 1,937	+ 21.0	- 2,324	+ 20.0	- 2,556	+ 10.0	- 2,653	+ 3.8	- 2,413	- 9.0
4. Investment transaction	- 1,155	+ 1,577	+236.5	+ 439	- 72.2	- 2,270	-617.1	- 6,609	+191.1	- 5,058	- 23.5
Oil	+ 4,010	+ 6,440	+ 60.6	+ 9,089	+ 41.1	+ 10,452	+ 15.0	+ 7,199	- 31.1	+ 7,005	- 2.7
Non-oil	- 5,165	- 4,863	- 5.8	- 8,650	+ 77.9	- 12,722	+ 47.1	- 13,808	+ 8.5	- 12,063	- 12.6
II. S D R	+ 64	+ 65	+ 1.6	+ 62	- 4.6	-	-	-	-	-	-
III. INFLOW OF CAPITAL	+ 2,101	+ 2,452	+ 16.7	+ 2,698	+ 10.0	+ 2,853	+ 5.7	+ 4,114	+ 44.2	+ 6,971	+ 69.4
1. Program aid	+ 94	+ 196	+108.5	+ 150	- 23.5	+ 6	- 96.0	+ 21	+250.0	+ 97	+361.9
2. Project aid & others	+ 2,007	+ 2,256	+ 12.4	+ 2,548	+ 12.9	+ 2,847	+ 11.7	+ 4,093	+ 43.8	+ 6,874	+ 67.9
IV. FLOW OF OTHER CAPITAL	+ 392	- 1,358	-446.4	- 361	- 73.4	+ 1,140	+415.8	+ 1,397	+ 22.5	+ 676	- 51.6
V. PAYMENT OF DEBTS	- 632	- 722	+ 14.2	- 617	- 14.5	- 861	+ 39.5	- 949	+ 10.2	- 988	+ 4.1
VI. TOTAL (I TO V)	+ 770	+ 2,014		+ 2,221		+ 862		- 2,047		+ 1,601	
VII. BALANCE NOT YET CALCULATED	- 62	- 324		+ 515		- 1,850		- 1,232		+ 110	
VIII. MONETARY FLOW	- 708	- 1,690		- 2,736		+ 988		+ 3,279		- 1,711	

COMMENTS ON EAST JAVA GOLKAR

Surabaya SURABAYA POST in Indonesian 15 Dec 83 p 2

[Text] Surabaya—The bureaucracy in the East Java Golkar [Organization of Functional Groups] DPD [regional executive council] actually is typical of Golkar itself. To make a stable organization, Golkar activists move only within the bounds of their authority. Organizational strategy can thus be controlled.

Drs ["doktorandus," an academic title] Marsekan Fatawi, rector of Sunan Ampel IAIN [state Islamic institute] expressed this opinion in a SURABAYA POST interview, which also included Drs Hotman Siahaan, lecturer in the social sciences faculty at Airlangga University, and Drs Agil H. Ali, chairman of the East Java PWI [Indonesian Journalists Association]. They were asked individually for their opinions on the Golkar regional conference scheduled for next week.

Marsekan said that the hierarchical structure now used by Golkar is one of the strategies contributing to Golkar's success. Programs can thus be implemented smoothly, as well. The rector felt that East Java Golkar needs to improve agreement between the aspirations of the people and those of the government.

Drs Hotman Siahaan said it cannot be denied by anyone that Golkar is the same as the government. Golkar must therefore reduce that image by making Golkar more a part of the people. As a political organization, Golkar is not only oriented to government employees and the ABRI [Indonesian Armed Forces] but must also be rooted in the general public.

Drs Agil H. Ali approved of the use of the press by East Java Golkar as a medium for making Golkar a part of the people and for forming public opinion. "I can understand that viewpoint, because Golkar's objective is better accomplished by using charismatic regional leaders. That method has proved to be more effective."

Responding to reporters' complaints that not many East Java Golkar leaders are willing to be interviewed, Agil agreed with Drs Marsekan Fatawi that they are probably complying with a Golkar rule. "But Mr Said always has an attitude of openness to the press," Agil said.

Defeated

Another topic given attention by the three leaders was the loss of seats by East Java Golkar in the 1982 election. Of the 60 DPRD [regional legislature] seats contested, Golkar lost one seat to the PDI [Indonesian Democracy Party]. Following the 1982 election, Golkar then held 35 seats, the PPP [United Development Party] retained its 22 seats, and the PDI increased its seats by one to a total of four.

Hotman said the the loss of one seat, contrasted with Golkar gains of many seats in Central Java, West Java and Jakarta, is a challenge to East Java Golkar. Nevertheless, he feels that in the 1982 election East Java Golkar was successful in reducing the "trauma" of the public as far as expressing political attitudes is concerned.

He said that prior to the 1982 election Golkar and Governor Soenandar created a healthier political climate. If Soenandar's concept of political campaigns can be realized, that in itself represents a basic contribution by East Java to meeting the challenge of politically educating the public.

"From that aspect, I see East Java Golkar as having won. East Java truly has a people who fully realize why they should choose Golkar as the channel for expressing their political aspirations," said Hotman. That being true, continued Hotman, Golkar must dare to be more a part of the people by placing in the forefront Golkar leaders or activists who are not government employees or ABRI members.

Marsekan Fatawi sees the 1982 election as indicating the necessity for steps toward regional management. When asked about Golkar's attention to Islam, Marsekan said that such attention is quite appropriate. Golkar leaders have recently been increasing their attention to the Islamic community. Golkar can benefit from the fact that all political forces have accepted the single principle, he stated.

Moch. Said

Agil was more drawn to discuss the people who will come to the fore in future Golkar leadership. He said that if it is true that H. Moch. Said will be reelected as chairman of the East Java Golkar DPD, the regional conference will have chosen the most suitable person for that office.

Agil stated that Said is a true politician. Through his political activism and the development of his own political career, he has been successful in developing a prestigious organization. He has been able to combine the thinking of an intellectual with the approaches of Javanese culture. Thus, the people are better able to understand Golkar programs and are more attracted to participate.

6942

CSO: 4213/123

FOREIGN, DOMESTIC INVESTMENT PATTERN IN PELITA I, II AND III

Jakarta BUSINESS NEWS in English 4 Jan 84 pp 7, 8

[Text]

Capital invested under PMA/PMON (foreign/domestic investment) schemes in Pelita I (1969/70 - 1973/74), Pelita II (1974/75 - 1978/79) and in the first and second year of Pelita III (1979/80 - 1983/84) was mostly absorbed by industries which produce consumer goods needed by the people and products serving as substitutes for imported goods.

The government has been handling a number of projects in the groups of base metal industries, base chemical industries, multifarious manufacturing industries and small industries in the third, fourth and fifth year of Pelita III (1981/82, 1982/83 and 1983/84). Investments made through the establishment of those projects from 1979/80 to 1983 will increase the national capacity after the completion of the projects in 1984, 1985 and 1986.

The total amount of investments in each sub-sector of industries is as follows:

- Sub-sector of multifarious manufacturing industries	- Rp 3,007.6 billion + US\$ 892.3 million
- Sub-sector of base chemical industries	- " 3,395.4 billion + " 1,119.7 million
- Sub-sector of base metal industries	- " 2,263.4 billion + " 1,369.7 million
- Sub-sector of small industries	- " 678.6 billion +

Total investments Rp. 9,245.- billion + US\$ 4,381.7 million.

Comprising :	Non PMON/non-PMA	Rp 1,335.2 billion.
	PMON	" 7,909.8 "
	PMA	US\$ 4,381.7 million.

The detail of investments in each sub-sector of industries is as follows :

Multifarious manufacturing industries :

Cumulative investments in the first four years of Pelita III under PMA, PMON & non-PMA/PMON schemes is as follows :

	<u>1979/80 - 1981/82</u>	<u>1979/80 - 1983</u>
- Non-PMON/PMA	Rp 225.2 billion	Rp 483.2 billion
- PMON	" 1,939.1 billion	" 2,524.4 billion
- PMA	US\$ 766.4 million	US\$ 892.3 million
	Rp 2,164.3 billion & US\$ 766.4 million	Rp 3,007.6 billion & US\$ 892.3 million.

Base chemical industries :

Total capital invested in a number of projects in this sub-sector of industries in the first three and four years of Pelita III is as listed below :

	<u>1979/80 - 1981/82</u>	<u>1979/80 - 1983</u>
- Non-PMON/PMA	Rp 19 billion	Rp 23.2 billion
- PMON	Rp 1,727.7 billion	Rp 3,272.2 billion
- PMA	US\$ 1,430.2 million	Rp 2,119.7 million
	Rp 1,746.7 billion and US\$ 1,430.2 million	Rp 3,295.4 billion and US\$ 2,119.7 million.

Projects in this sub-sector of industries consist of new, expansion and modernisation projects, excluding projects under the Mines & Energy Department/Pertamina, such as an aromatic centre, a carbon black centre, a methanol processing plant and an olefin centre. The construction of an integrated paper plant in South Kalimantan and the Sessayap project are also excluded in this group.

Base metal industries:

Total investments made in a number of projects in this sub-sector of industries in the first four years of Pelita III reached Rp 2,263.4 billion + US\$ 1,369.7 million, comprising: Rp 150.2 billion - non-PMA/PMDN projects, Rp 2,113.2 billion -PMDN projects and US\$ 1,369.7 million PMA projects.

Small industries:

Total investments in the sub-sector of small industries in the first three years of Pelita III stood at Rp 678,640.54 million, comprising: Rp 70.69 million worth of KIK (small investment credits), Rp 125.7 million worth of KMKP (permanent working capital credits), Rp 2,238.76 million in the form of equipment and Rp 767.10 million in the form of assistance for the procurement of basic/raw materials.

CSO: 4200/464

ADB'S TECHNICAL ASSISTANCE FOR POWER PROJECT

Jakarta BUSINESS NEWS in English 6 Jan 84 p 6

[Text]

The Asian Development Bank recently approved a \$ 135 million loan and a technical assistance grant for a major power project in Indonesia.

The loan, from the Bank's ordinary capital resources, will help meet the foreign exchange cost of the \$ 317 million Power XVIII Project which is designed to benefit domestic, commercial and industrial consumers in North, South and West Sumatra, East and Central Java and Bali.

The loan has a repayment period of 20 years, including a four-year grace period, and carries an interest rate of 10.5% per annum.

Non-oil energy resources -- mainly hydropower and geothermal -- are being increasingly developed in Indonesia by the Government and the National Electricity Corporation (PLN) in order to reduce the use of oil for power generation. Efforts are also underway to improve the quality and reliability of the power supply for both new and existing consumers, by improving operational efficiency.

The main objectives of the Power XVIII Project are: (i) to develop hydro power and geothermal power resources in order to supply power to new consumers and achieve overall economy in PLN's operations; (ii) to improve the quality of power supply and its reliability for about 80,000 existing consumers and to provide electricity to about 189,000 new consumers in North Sumatra and Bali by 1988;

(iii) to help increase industrial production and to discourage industrial and commercial users from setting up uneconomic captive power plants of their own; and (iv) to strengthen PLN's capability in financial management.

Today's Bank loan will meet about 66 percent of the \$ 204.55 million foreign currency cost of the Project. The Government will make the necessary arrangements for co-financing from other sources to meet the remaining 34% of the foreign currency cost (\$ 69.4 million).

CSO: 4200/464

EDITORIAL CALLS FOR STIMULATING EXPORT COMMODITY PRODUCERS

Jakarta BUSINESS NEWS in English 6 Jan 84 p 2

[Editorial]

[Text]

The Ministry of Trade has increased the check prices of a number of traditional export commodities for the first quarter of 1984 with the aim of stimulating farmers to boost their production of these commodities. And in fact the market of the various traditional export commodities has fairly improved in recent months, as can also be seen from non-oil/gas export developments. Non-oil/gas export figures for the first eight months of 1983 for instance, indicate a 19.35% increase from US\$ 2,566.8 million in the first 8 months of 1982 to US\$ 3,063.5 million in the same period last year. But in the meantime exports as whole for the period still register a 7.79% drop from US\$ 14,562.7 million to US\$ 13,428.1 million. This is owing to the oil/gas export slump from US\$ 11,995.9 million to US\$ 10,364.6 million. The over US\$ 1.6 billion worth of oil/gas export setback is thus far bigger than the non-oil/gas export increase (of around US\$ 0.5 billion), however "brilliant" the performance in this field (in the words of Prof. Sadli) may be. In order to offset the oil/gas export setback, non-oil/gas exports must therefore be further stimulated. The raising of check prices — and hence the increase in foreign exchange to be received by exporters — is among the ways to be pursued to achieve this goal.

Details of exports figures show that in absolute terms the biggest non-oil/gas export increase has been recorded by industrial products viz. nearly US\$ 400 million from US\$ 1,524.2 million to US\$ 1,901.0 million for eight months. The rise is thus

more than seven times that registered by agricultural exports, going up from US\$ 864.0 million to US\$ 911.0 million for the same period. The pattern of export drive should thus be expanded to cover also the stimulation of industries producing export commodities.

Emphasis should rightly be placed on the stimulation of producers, rather than only on exporters. In other words, the improving condition on the international market caused by the economic recovery now underway in the US and some advanced countries should also be passed on to producers, instead of being only enjoyed by exporters. Similarly, the extra rupiah receipts gained by exporters as a result of devaluation as well as US\$ exchange rate increase should also be shared by producers, rather than by exporters alone.

This constitutes a very intricate institutional problem in our economic setting inherited from the dualism now still continuing in the national economic structure. Only the modern sector can usually enjoy immediate benefit from improvements on the world market, while the traditional sector merely receives a small portion, if any such advantage does "trickle".

Therefore, we will in this context be facing a problem of a greater magnitude in the effort to spread the benefit of the price increase among producers of traditional export materials instead of producers of industrial export commodities. Even if only 30% could be enjoyed by rubber producers from the increase registered in the f.o.b. price, it would be quite a lot. In the problem of development, here in fact lies the potential to create dynamism in the process of development in the future. It is just here where the potential can be found to achieve equitable income distribution, not only socially or according to economic strata but also geographically. The solution to this question will thus be most urgent, if we are supposed to score meaningful growth rates in the years ahead, viz. growths that at the same time also adequately meet the requirements for justice. For the greater part, the settlement of this problem will lie in the institutional sphere, involving methods of marketing, financing, credit issuance as well as the promotion of producers' ability through training programs.

As an initial step the interpretation given to export credits based on the "package of January 1982", which are not only limited to credits for exports but also for production, processing as well as gathering and packaging, is already correct. But this alone is obviously still far from sufficient, even more so if it is viewed against the background of the rupiah devaluation and the abuses taking place as a result of the granting of too generous facilities under the "package". It is worthwhile for us to re-examine the problem and adopt necessary institutional measures as a complement in conformity with current developments.

Jakarta, January 5, 1984

CSO: 4200/464

STEPS TO MEET TARGET IN INDUSTRIAL SECTOR TAKEN

Jakarta BUSINESS NEWS in English 6 Jan 84 p 7

[Excerpt]

The government has taken steps to meet the target in the development of the industrial sector. The steps include acceleration in the development of the machinery industry and making approaches for the mastering and adaptation of design & engineering system.

An assembling program will also be implemented in the machinery industry, and this will be followed by the manufacture of components through a deletion program.

For that purpose, the government has initiated :

- optimization and utilization of the available machinery industrial plants by stepping up their participation in government's projects;
- stepping up promotion for investment in the foundry/casting industry as well as the machinery industry, & the growth of the component manufacturing industry as part of the effort to strengthen the industrial structure;
- activities in the training and educational program in the industrial sector, by improving the ability of research & development centres, and implementing standardization; and
- acceleration in the growth of the machinery industry by developing production units in state-owned corporations/enterprises.

Industrial development will be intensified with emphasis to be given to industrial fields which produce;

- products that have consistent markets, and
- products which have long manufacturing process, with wide scope interlinkage among big, medium and small industries, and between upstream and downstream industries.

Priority in the development of the industrial sector will be given to, among others :

- the manufacture of machinery and equipment for industrial plants to support the setting up of or maintain the operation of palmoil, sugar, chemical and metal processing plants;

CSO: 4200/464

INVESTMENTS IN INDUSTRIAL SECTOR AMOUNT TO \$15.9 M

Jakarta BUSINESS NEWS in English 13 Jan 84 p 11

[Text]

Jakarta (Business News)

The amount of investments in the industrial sector has up to the end of the fourth year of Pelita III (1982/83) reached around US\$ 15.9 billion, involving projects which will be completed in stages in 1984, 1985 and 1986.

The handling of a number of big projects which have been rephased will be entrusted by the government to the private side. Not much revision has been made for government's plans to handle projects in the plantation sub-sector in Pelita IV. Those projects include palm oil, sugar, and rubber processing plants.

Industrial development in Pelita IV will be oriented to the manufacture of machinery for industries and the creation of jobs, besides the stepping up of production and the promotion of exports.

The industrial sector is expected to grow by an average of 9.5% a year in Pelita IV, while the growth of the agricultural sector is estimated at only around 3% a year in the same period.

CSO: 4200/494

149 EXPORT-ORIENTED PROJECTS APPROVED IN 1983

Jakarta BUSINESS NEWS in English 13 Jan 84 p 11

[Text]

The Investment Coordinating Board (BKPM) granted approval to 149 export oriented investment projects in 1983, comprising 137 projects under the PMDN (domestic investment) scheme and 12 others under the PMA (foreign investment) scheme. The 137 PMDN projects planned collect export revenue worth US\$ 1.450 million/year, while the 12 PMA projects would collect foreign exchange earnings totalling US\$ 101.4 million/year.

Commodities to be exported by the 137 PMDN projects include: sawn timber, plywood and other processed timber, metal ware, textile/clothing, fish, shrimp, frog leg, pearl, plantation products (such as cacao, tea, coffee, rubber, cassava and palmoil), chemicals, fertilizer, processed food, fructose syrup, fodder and port land cement.

The biggest export revenue created by those PMDN projects is expected from the fishery sub-sector, with projected export value of US\$ 322 million/year or about 22.2% of the entire export revenue projected by those projects.

The 12 PMA projects planned to export, among other things, paper, timber, textile, metalware (including medical instruments) and pearl. The biggest export revenue is expected from the paper industry, with a projection of US\$ 22.1 million/year or about 21.8% of the expected overall export revenue.

ADB LOAN FOR AGRICULTURAL EDUCATION APPROVED

Jakarta BUSINESS NEWS in English 13 Jan 84 pp 11, 12

[Text]

Jakarta (Business News)

Improving the quality and supply of agricultural skilled workers and technicians and of agricultural teachers by expanding opportunities for agricultural education is the main objective of the Agricultural Education Project in Indonesia which is being supported by the Asian Development Bank with a \$ 68 million loan.

The loan, approved recently, is from the Bank's ordinary capital resources. It has a repayment period of 20 years, including a grace period of six years, and carries an annual interest rate of 10.5%.

At present, the major problems facing agricultural education in Indonesia include inadequate physical facilities & equipment, poorly developed curricula and a shortage of well trained teachers. The resultant shortage of skilled workers and technicians is holding up the country's agricultural development, especially in the Outer Islands where transmigration and other programs are being implemented.

The Agricultural Education Project, which has been designed to help remedy this situation, is divided into two sub-projects: the first, the Agricultural Secondary Schools (SMTPs) sub-project, involves upgrading 18 existing SMTPs, establishing six new ones in the Outer Islands and developing a Vocational Education Development Center for Agriculture.

The second sub-project, the Agricultural Polytechnics sub-project, involves the development of six new agricultural polytechnics (five of which will be in

the Outer Islands) and a Polytechnic Education Development Center of Agriculture. Buildings, instructional materials, a staff development program and academic consultant services are also included for both sub-projects.

As a result of the Project, the quality of agricultural education at the secondary and diploma levels will be upgraded. At full operation, about 12,860 students will be enrolled annually in the 24 SMTPs and 2,740 students in the six agricultural polytechnics; total annual output will be about 4,020 from SMTPs and 900 from the agricultural polytechnics. Because six new SMTPs and five of the six new agricultural polytechnics will be established in the Outer Islands, better access to agricultural education at the secondary and polytechnic levels will be provided to students in those regions.

The Bank loan represents about 57% of the total cost of the Project, which is expected to be completed by mid-1990.

CSO: 4200/494

JAPAN'S ASSISTANCE FOR 13 HYDROPOWER PROJECTS

Jakarta BUSINESS NEWS in English 13 Jan 84 p 9

[Text] Ujung Pandang (BUSINESS NEWS)--The Indonesia and Japanese Governments recently signed an agreement for the extension of Japan's assistance for the handling of 13 hydropower projects in this country.

Some ¥10 billion of the assistance has been allocated for the building of the Bakaru hydropower plant in the Pinrang regency, South Sulawesi. For the first stage, the Bakaru project is scheduled to be completed in 1988, and for the final stage, the project is expected to be entirely completed in 1990.

Land clearing and the building of feeder roads in the Bakaru project were undertaken at a cost of Rp 3 billion in 1982/83 and Rp 3 billion more in 1983/84, all from the state budget.

In connection with the handling of the Bakaru project, a port has been built in Kaluku at a cost of Rp 700 million. When completed, the new seaport will serve the transport of heavy equipment for the Bakaru project.

When the Bakaru project has been completed, the Kaluku port will be delivered to the administration of the Pinrang regency. The Bakaru hydropower plant will be the second biggest power generating plant outside Java, after the Siguragura power plant in North Sumatera.

The Bakaru power plant will begin operating with a capacity of 63 MW in 1988, and the capacity will be increased to 126 MW in 1990.

CSO: 4200/494

AMOUNT OF GOVERNMENT, PRIVATE CAPITAL NEEDED FOR PELITA IV

Jakarta BUSINESS NEWS in English 20 Jan 84 p 7

[Text]

Jakarta (Business News)

The realisation of development programs in Pelita IV (fourth five-year development plan - 1984/85 to 1988/89) needs capital investments amounting to Rp 145 trillion, comprising Rp 77 trillion from the government and Rp 68 trillion from the private sector, so as to meet the target of the economic growth rate set at an average of 5% a year, according to Dr. JB. Sumarlin.

Speaking at a coordination meeting of BKPM (Investment Coordinating Board) here earlier this week, the state minister of national development planning/head of Bappenas (Development Planning Board) said further that Rp 77 trillion worth of funds to be provided by the government would be derived from public savings.

The target of Rp 68 trillion from the private sector is expected to be met by intensifying the collection of funds through private savings as one of investment sources, and through the capital market by selling securities, such as bonds, Sumarlin pointed out.

In 1984/85, investments from the private sector are expected to reach Rp. 8.6 trillion. By enforcing new tax laws, the government expects the enhancement of state revenue as well as public savings.

If the funds collected from the government as well as private sectors are smaller than Rp 145 trillion, it will be

hard to meet the target of 5% a year in the economic growth rate in Pelita IV, the minister revealed.

The labour force in Indonesia is projected to increase by 9.3 million in Pelita IV, this means that the government has to create new job opportunities for around 1.8 million job seekers a year in the 1984/85 - 1988/89 period, according to the minister.

He also pointed to the need to create more favourable climate for investment in Indonesia so as to stimulate investment in export oriented and labour intensive projects, without neglecting the domestic supply of goods.

Despite the increase of fuel oil prices and the rupiah devaluation last year, the inflation rate still could be pressed down at 11.5 percent. With the recent adjustment of fuel oil prices, the government expects to maintain the inflation rate at 11.5 percent or less this year.

The head of BKPM (Investment Coordinating Board), Ir. Suhartoyo, said meanwhile that the minister of finance still paid attention to capital legalization.

In the past, capital legalization was undertaken just before the investment of capital in projects considered possible for capital legalization. But finally, the government has decided that capital legalization can be done only once, at the end of 1983. Thus, all properties and incomes should have been honestly reported at the end of 1983 and the tax should have also been paid.

EDITORIAL DISCUSSES GROWTH, EQUITY IN PELITA IV

Jakarta BUSINESS NEWS in English 13 Jan 84 p 2

[Editorial: "Equity and Growth in Pelita IV"]

[Text]

The government explanation on the Draft State Budget (RAPBN) for 1984/85 given by the President before Parliament here on January 9 has indicated more clearly the direction of growth and equity in the coming Pelita IV (fourth five-year plan).

The macro estimates already revealed in the state address last August 16 are now further detailed. The average growth rates for the five-year period in Pelita IV (April 1, 1984 through March 31, 1989) are as the following: the national economy as a whole (GDP) 5%, agriculture 3%, mining 2.4%, industry (manufacturing) 9.5% and services including construction, transportation and communications, 5%. From these growth rates we can estimate that the contribution of agriculture to the GDP, now already below 30%, will drop even more and can become only around 24 - 27%. But despite the 9.5% increase predicted for industry in Pelita IV, as the industrial basis is still weak, its contribution, though greater, cannot yet reach the level of agriculture's. Therefore the sector of services will have the biggest share in its contribution to the GDP. Nevertheless, the category of services is very vast and covers individual productive work with a high degree of value added (accountants, medical specialists) down to jobs with about the same value added as that in agriculture or slightly higher (collection of back-issue papers, services rendered by waiters/maidservants etc., the non-formal sector).

Viewed from the aspect of manpower the increase of the workforce estimated at over 9 million in Pelita IV will be absorbed by the opening of job opportunities and labour intensive invest-

ments. But it is a pity that the January 9 speech has not yet provided the method, policy and direction of investments to be adopted in order to enable the absorption of the entire additional workforce by national economic activities.

One interesting aspect and a feature different from the previous RAPBN introductions is the presence of a lot more indicators of welfare in Pelita IV. While in the Broad Outlines of the State Policy and Pelita III the indicators of public welfare are given priority in eight paths of equity, now even further targets are set to step up these indicators.

For observers and researchers of public welfare indicators closely related to the fulfilment of basic needs, there are various indicators, including the well known PQLI (physical quality of life index). The index that is based on standards of infant mortality, life expectancy after one year old and the rate of literacy for Indonesia in 1980 was 58 (from the range of 0 to 100). Though not all methods of calculation of this index are applied, the President has estimated an (set the target of) increase in life expectancy from 56 at the end of Pelita III to 59 at the close of Pelita IV. It means that averagely each citizen, as a result of Pelita IV, will live three years longer than in the pre-Pelita IV period. The provision of this guideline by the head of state, followed by directives on basic and intermediate educational promotion complete with targets for the end of Pelita IV, indeed constitute a very significant move. In this way indicators of successful development efforts do not merely depend on the growth benchmark alone.

However, we should all be aware that these targets in no way mean something that is just set and expected to take place as a consequence of economic growth. Or we should not assume that the rise in life expectancy from 56 to 59 for instance, materialises because of the 5% growth. Here the essence of distribution of the 5% growth is most decisive.

It is evident from RAPBN 1984/85 that some programs connected with welfare such as Inpres projects (from Rp 1,407.4 billion in 1983/84 to Rp 1,357.4 billion in 1984/85) drop in value by 3.6%. Fertiliser subsidies, which bear positive effects on producer farmers in villages, only increase by 0.3% (from Rp 457.5 billion to Rp 458.7 billion), i.e. practically about

the same. Hence the nature and direction of project aid, which owing to the devaluation rises by 59.7% from Rp 2,736.8 billion to Rp 4,371.5 billion, become highly important.

For the second year up to the end of Pelita IV the various aspects of equity can still be enhanced, e.g. concerning the level of literacy. Though the 7-12 age group has entirely been absorbed by elementary schools, we are still facing the problem of illiteracy. This is because the illiterate generally come from the productive age of above 40. Pelita IV should not overlook them in its programs. Literacy will be significant to the promotion of productivity and quality of services.

CSO: 4200/494

LOCATIONS, BASIC MATERIALS OF CHEMICAL, METAL INDUSTRIES

Jakarta BUSINESS NEWS in English 13 Jan 84 pp 5, 6

[Text]

Industrial zones for the development in the sub-sector of base chemical industries at the present time and in the future are as follows :

- Aceh : Lhok Nga for cement; and Lhok Seumawe for olefine, urea, cement sack;
- Riau : Bengkalis for pulp as a basic material of rayon and paper;
- West Sumatera : West Sumatera industrial zone for cement;
- South Sumatera : Baturaja for coal; and Palembang for urea, aromatic materials, tyre, rayon and downstream petrochemicals;
- West Java : Cilegon for heavy duty tyre, rubber products for industries, PVC resin, carbon black and refractory; Tangerang for tire, paper and synthetic fibre; Bekasi/Cikampek for urea, amonium nitrate, paper, tyre and rayon fibre; Cibinong/Bogor for cement, tire and carbide; and Cirebon for cement;
- Central Java : Cilacap for cement sack; and northern zone of Central Java for cement and tire;
- East Java : Gresik for urea, TSP and ZA fertilizer, phosphoric acid, gypsum, cement, glass, soda ash, pesticide, and downstream petrochemicals; Bangkalan for cement; Probolinggo for paper, Banyuwangi for paper; and the Brantas downstream industrial zone also for paper;
- South Sulawesi : Gowa for paper; and Tonasa for cement;

- West Kalimantan : West Kalimantan industrial zone for high Wet Modulus Rayon;
- South Kalimantan : South Kalimantan industrial zone for paper;
- East Kalimantan : Sesayap for pulp; and Bontang for urea and ammonia;
- East Nusatenggara : Kupang for cement and industrial salt.

Basic materials

- natural gas for the basic material of urea is provided from local sources; and phosphate for the basic material of TSP is still imported;
- pulp for the basic material of paper is partly still imported, and the demand for pulp for paper and rayon is expected to be fulfilled with local product after the completion of integrated projects in Riau as well as East and South Kalimantan.
- most basic materials needed for the production of cement are available in the country;
- except carbon black, tyre cord and rubber chemicals, most basic materials for the tyre industry are available in the country;
- aromatic centres which will produce basic materials for synthetic fibre are now still under construction;
- ammonia, a by-product in the processing of urea fertilizer, can be used as a basic material in the production of ammonium nitrate, caprolactam and soda ash;
- other products in the sub-sector of base chemical industries which still use imported basic materials include : pesticide, PVC and other kinds of synthetic resin.

BASE METAL INDUSTRIES

Location

Industrial plants operating in the sub-sector of base metal industries are mostly located in Java and North Sumatera, including an aluminium smelting plant in Asahan. Industrial zones for base metal industries and their base products are

found in West Java (Cilegon), Jakarta, East Java and North Sumatera.

Plants which manufacture industrial machinery and equipment are found in East Java, Jakarta, West Java, Central Java and North Sumatera. Machinery workshops already available in centres for base chemical industries will be further developed, complete with machinery industrial plants.

Plants which produce professional electronic goods and electric instruments are mostly located in West Java and Jakarta. Shipbuilding plants spread in various areas, whereas most automotive industrial plants are located in Jakarta.

Basic material

The production of sponge iron by PT. Krakatau Steel will be further developed to provide the basic material for steel casting and iron casting industries, besides steel making industries.

- Most basic materials for machinery and industrial equipment are still imported, but sub-contracting activities have been intensified to step up the use of local products.
- Basic materials for the production of electric instruments, such as enamel & copper wire have been produced in the country, but several other basic materials are still imported.
- Most basic materials for the transportation industry are still imported. Sub-contracting activities are now being intensified to reduce the dependence on imports.

FUEL PRICE INCREASES EXPLAINED

Jakarta BUSINESS NEWS in English 13 Jan 84 pp 3, 4

[Text] Jakarta (BUSINESS NEWS)--Without increasing the price of fuel oil, the government will have to provide oil subsidies amounting to Rp 2.7 trillion in 1984/85. To press down the subsidy so as to allocate more funds for national development, the government has decided to raise the fuel oil price in the country.

The government announced the new prices of fuel oil Wednesday night. The new prices of fuel oil now effective in Indonesia are generally still lower than those in the other ASEAN countries.

Fuel oil prices in Indonesia and the other ASEAN countries now effective are as listed below: (Rp per liter).

<u>Fuel oil</u>	<u>Indonesia</u>	<u>Malaysia</u>	<u>Thailand</u>	<u>The Philippines</u>	<u>Singapore</u>
Avigas	300	777	831	426	675
Avtur	300	342	329	420	343
Super 98 gasoline	400	469	507	461	588
Premium gasoline	350	453	468	447	559
Kerosene	150	250	265	316	388
Automotive diesel oil	220	250	250	309	269
Industrial diesel oil	200	250	282	316	262
Residual oil	200	192	187	242	249

Note : Rate of exchange :

US\$ 1.- = Rp 997.00
 = M\$ 2.33
 = Baht 23.0
 = Peso 14.0
 = S\$. 2.13

Viewed from the effects of oil price hike in the country in the past, the new oil price effective from January 12 is expected not to much affect the development of the consumer price index and in-

flation. The adjustment of fuel oil prices in the country in January 1982 did not much affect the inflation rate in 1982, which was recorded at 9.69 percent.

The fuel oil price adjustment in January 1983 also did not much affect the inflation rate, which reached 11.46 percent last year. The government is of the view that the pattern occurred in 1982 & 1983 will likely be the same as the pattern that may occur in 1984 in the adjustment of fuel oil prices.

By increasing fuel oil prices the government can press down fuel oil subsidies from Rp 2.7 trillion to only 1.1 trillion. Without the fuel oil price adjustment, the government's expenditure for the production of fuel oil will reach Rp 6.9 trillion in 1984/1985.

With the sale of fuel oil estimated at Rp 4.2 trillion 1984/1985, oil subsidies amounting to Rp 2.7 trillion will be needed to offset the cost of production. But thanks to the price hike announced recently, the government expects to collect Rp 5.8 trillion from the sale of fuel in the country.

By collecting Rp 5.8 trillion from the fuel oil sale, the government can press down fuel oil subsidies to Rp 1.1 trillion. Thus, the government can save Rp 1.6 trillion that can be used to finance development efforts.

The average price for the production of fuel oil reaches Rp 258 per liter. The refore, the government still has to give subsidies to kerosene, automotive diesel oil, industrial diesel oil and residual oil, despite the price adjustment. The price of Avigas, Avtur and super gasoline remains unchanged. The increase in the price of Premium gasoline much help the government step to reduce fuel oil subsidies.

The need for fuel oil in the country is estimated at around 27 million kiloliters, comprising 8.2 million kiloliters of kerosene, 8.6 million kiloliters of automotive diesel oil, 3.8 million kiloliters of residual oil, 4.1 million kiloliters of premium gasoline, 1.5 million kiloliters of industrial diesel oil, and the rest consisting of super gasoline, Avigas and Avtur.

ECONOMIC FORECAST FOR 1984

Jakarta BUSINESS NEWS in English 4 Jan 84 pp 3, 4

[Editorial]

[Text]

By the end of 1983 quite a lot of predictions have been made by different circles concerning the economic situation in 1984, some come from economists based on economic indicators, others are founded on astrology or various sciences. Occultists are sometimes very definite in their prophecies, some even are bold enough to mention exact dates of certain events. Thus they find it difficult to argue if their forecasts fail. Economists are usually more cautious. Their predictions are as a rule based on certain assumptions, and if the reality is different, they will simply point to one of the factors that misses the point of assumption. Projections or cases classified as high, medium and low have frequently been made of late, and generally one of them will not miss.

Upon entering the new year of 1984 we are not going to add another forecast to those already plentifully available, which anyway will still constitute only a calculation by somebody not possibly knowing everything to take place in the future. It is perhaps more useful to try to go deeper into some important aspects that can be expected to characterise our economic problems in this new year.

One sure thing is that in 1984 we will be facing very difficult options arising from economic contraction as a result of reduced oil receipts. The important factor is, we should be aware that

any choice will produce a series of consequences and implications which continuously will keep on emerging. One of such options will even have to be faced within a short time, viz. concerning the subsidies to oil products (BBM). With the rupiah devaluation BBM production cost in the rupiah has considerably increased. Two ways are basically open to us: 1) to maintain BBM prices and impose the entire production cost hike on the draft budget for 1984/85, or 2) to raise BBM prices so that the higher production cost is wholly or partly borne by BBM consumers.

Each of the two will of course bear its own consequences. The first choice brings about the question as to how to mobilise funds in the draft budget so that the BBM cost increase burden can be borne. The second raises the problem of the extent to which the extra burden is to be imposed on society: new prices of the various types of BBM have to be determined. It should also be thought out, how to divide the additional burden among groups of consumers of different kinds of BBM. Still it is important to take into account the effect of such BBM price increase on the economy in general as well as on justice that has been under the focus of government policies since the outset of Pelita III. The choice involving this problem will greatly affect the amount and composition of the draft budget for 1984/85, which is scheduled to be presented by the President to Parliament next January 9.

Another very difficult option will concern policies to be pursued in the field of investments. What is definite in this area is only that we will have to undertake additional investments if we are supposed to maintain economic growth, so as to ensure extra "cake" that can later be divided among the people. With the contraction of funds to be made available by the state, ways will have to be sought to obtain additional financial resources. Since the government rescheduling of big projects in May 1983, it has been indicated that private capital will be given

greater role. The question here is: which private party? There is foreign capital, and also national capital. Even in the case of the latter, it should be distributed between economically strong and weak businessmen. Once again, all this will have to reconcile the target of equity and the effort to achieve maximum production increase. And again, whatever options are to be adopted, each will bear its own consequences and implications, some are positive and others negative. To some degree the government can reduce negative consequences, but we should not be misled by the illusion that such consequences are absent. And any measure that has to be taken usually demands a trade-off, a kind of "sacrifice".

Those are only a few examples of the features to be outstanding in our economic problem in 1984, which seem to have been hidden when our oil revenues were still abundant. The same situation is evidently being faced in the various other fields.

Under such circumstances the presence of a government apparatus that can be relied upon in all areas will obviously be most significant. Only with the good apparatus can the government make sure, that the policies enjoyed by the public at large are really the ones it intends to be, without being individually interpreted -- even deviated -- by the officials concerned.

Happy New Year 1984. May we arrive at the right option.

Jakarta, December 31, 1983.-

BANK OF INDONESIA TO PROVIDE DISCOUNT FACILITY

Jakarta BUSINESS NEWS in English 20 Jan 84 pp 5, 6

[Text]

Jakarta (Business News)

Governor of Bank Indonesia Arifin Siregar disclosed at a bankers' dinner party here recently that the Indonesian central bank would shortly provide a discount facility and issue certificates of Bank Indonesia. In addition, Bank Indonesia will maintain minimum liquidity at 15 percent.

The discount facility will be given to banks by Bank Indonesia to temporarily help banks in the management of their liquidity. Unlike liquidity credits already introduced so far, the discount facility can be used by banks in their final efforts and constitutes assistance from the central bank which serves as lender of last resort.

The discount facility, basically to be provided for all commercial banks and development banks, will consist of two kinds. The first kind is to be given to banks to smoothen their daily management, and the second discount is aimed at helping banks in coping with difficulties if the plan for the procurement of funds does not match the plan for the utilization of medium and long-term credits.

The first discount is for two weeks and can be extended every week with maximum extension of four weeks. The second discount is for two months and can be extended every month with a maximum of four months.

The maximum amount of the discount facility will be linked with the total of funds collected from the third party. The interest rate in the first two weeks for the first discount and the first two months for the second discount will be based on the average interest rate of time deposits for one, three and six months plus a margin. If the discount period is extended, the interest rate will be increased.

The certificates of Bank Indonesia will be issued to help banks make short-term investment of their funds that have not been supplied through credits. Besides serving as a means for the government in the implementation of the monetary policy. To make the certificates attractive for banks to make temporary investment, Bank Indonesia will determine the interest rate every time regularly. In the first stage, the Bank Indonesia certificates will be for one and three months.

Bank Indonesia will sell this security only to banks and non-bank financial institutions. To develop the secondary market, the negotiable Bank Indonesia certificates are unreturnable to Bank Indonesia before the date of expiry, but can be traded by banks as well as the community. The planned Bank Indonesia certificates will be worth Rp 50 million, Rp 250 million and Rp 1 billion each.

Concerning the rupiah position, the Bank Indonesia governor pointed out that the rupiah rate of exchange had declined by 2.4 percent against the US dollar since March 10, 1987. The rupiah depreciation against the US dollar is attributable to the strengthening of the rate of exchange of the US dollar against almost all other currencies.

The Indonesian Government has so far not decided to allow the rupiah to float freely against the US dollar. The government will continue to intervene in the foreign exchange market to maintain the stability of the rupiah.

Therefore, the rupiah has shown appreciation against many currencies, such as Mark, France, Guilders and Kroner, despite showing depreciation against the US dollar, Arifin Siregar explained.

In seeking credits from fund sources abroad, the government examines the ability to repay the planned credits in the future first. For the purpose, the government has since the beginning implemented a strategy in seeking overseas credits with priority given to soft loans and official export credits, according to Arifin Siregar. In this connection, he pointed out that around 0.75 percent of foreign credits received by the government and state-run companies consisted of soft loans and official export credits. In view of the continued improvement in the balance of payments and well oriented use of foreign credits, it is groundless to doubt the ability of the state to repay foreign debts.

Referring to the balance of payments, he pointed to a surplus of US\$ 654 million recorded in 1983, compared with a deficit of US\$ 1,930 million in the previous year. The improvement in the balance of payments is thanks to the increase of foreign exchange reserves collected by Bank Indonesia from US\$ 4,154 million at the end of December 1982 to US\$ 4,808 million at the end of December 1983. A big step forward occurred in Indonesia's balance of payments in 1983, especially from the second quarter, in view of the fall of over US\$ 1 billion in the first quarter.

After recording the lowest figures of US\$ 3,074 million for 1983 at the end of March, Bank Indonesia recorded an increase of foreign exchange reserves by US\$ 1,734 million in the following three months, and reached US\$ 4,808 million at the end of December 1983. In addition, foreign exchange reserves recorded by foreign exchange banks rose from US\$ 2,807 million at the end of December 1982 to around US\$ 3,800 at the end of December

last year. Thus, Indonesia recorded foreign exchange reserves amounting to US\$ 8,698 million at the end of 1983.

Turning on Indonesia's export revenue, the Bank Indonesia governor disclosed that Indonesia recorded overall export revenue of US\$ 18,414 million last year, still below US\$ 19,727 million obtained in 1982. The decline in the export revenue as a whole is mainly due to the decrease in exports of oil export by 13.6 percent and the natural gas export by 10.7 percent respectively to US\$ 11,635 million and US\$ 2,153 million in 1983.

But on the contrary, Indonesia's foreign exchange earnings from non-oil/non gas exports rose from US\$ 3.9 billion in 1982 to US\$ 4.8 billion in 1983. The sharp increase in non-oil/non-gas exports is mainly due to the expansion in the exports of plywood by 77 percent, rubber by 30 percent, coffee by 25 percent, palm oil by 47 percent, textile by 29 percent, handicraft products by 82 percent and electric appliances by 9 percent.

MEASURES TO BE TAKEN BY BANK OF INDONESIA EXAMINED

Jakarta BUSINESS NEWS in English 20 Jan 84 p 2

[Editorial: "New Instruments of Bank Indonesia"]

[Text] Three most important points were envisaged by Governor of Bank Indonesia Dr Arifin Siregar in his speech at a bankers' dinner on January 16:

1. the intention to replace channels of subsidies for the weak economic group so far realised through the system of liquidity credits so that more direct subsidies will later be provided;
2. the opening of discount "windows" as a new monetary instrument for the banking system to overcome liquidity difficulties that may any time be encountered;
3. the issue of Certificates of Bank Indonesia (SBI) as a new instrument for the banking system to manage surplus funds while receiving proper amounts of interest. The BI governor meanwhile also stressed that the reserve ratio remains 15%.

It has not been announced yet, when the new instruments and methods referred to by the governor will be applied. But nevertheless the governor's statement indicates that Bank Indonesia after monitoring and studying developments in this field since the reform of June 1, 1983, apparently feels that it has already formed a fairly strong foundation to adopt follow-up measures.

In fact, when such a profound reform as the liberalisation of interest rates starting June 1 was introduced, the effect on state banks' funding and liquidity could not be predicted. It was equally difficult to estimate the length of time needed by state banks to undertake reorganisation in their structures, staffing as well as working methods.

With regard to the funding of state banks it has now been learned that the higher interest rates offered by state banks for time deposits have caused a fairly drastic increase in these deposits. Total time deposits at state banks which at the end of May 1983, for instance, were still registered at Rp 911.8 billion, jumped to Rp 2,094.9 billion at the end of November. It is also noticeable that the biggest relative increase was registered by 3-month deposits and less, viz. from Rp 8.1 billion to Rp 445.8 billion. The absolute rise was noted by 12-month deposits, i.e. from Rp 41.2 billion end

May to Rp 683.9 billion end November. In the meantime 24-month deposits dropped from Rp 835.6 billion to Rp 599.8 billion.

It is most obvious from these figures that a lot of 24-month deposits have been converted into deposits of shorter terms. One of the reasons behind this phenomenon is apparently that many people still doubt the stability of the rupiah. Even as we could witness on the eve of the introduction of the draft budget by the President, most people worried about the possibility of another devaluation.

After about 7½ months following the developments it seems that Bank Indonesia has got itself prepared to adopt further policies of greater weight over the short term as revealed by the governor at the bankers' dinner. Previously, i.e. in November, Bank Indonesia still took measures of a temporary nature when it raised the interest given by Bank Indonesia to surplus bank funds it keeps. This step definitely will not become permanent because its spirit is contrary to the liberalisation of interest that is supposed to serve as the basis for the operation of the banking system, including state banks. Also, the increased interest for the surplus funds obviously means bigger cost for Bank Indonesia, which cannot be expected to be borne all the time by the central bank.

The follow-up of the provision of subsidies for the weak economic group as outlined in the Bank Indonesia governor's speech shows that in Repelita IV the aspect of equity continues to enjoy serious attention and high priority. The question is now, how to arrange the method so that the facilities can be effectively received by the eligible group and at the same time bear the element of education and guidance. Anyway, it is not only a matter of providing funds for the weak economic group. The funds must enable this group to grow bigger and stronger so that it can eventually be engaged in competition without such assistance. The funds must in no way cause this group to lose its initiative and ability to operate without such aid.

CSO: 4200/496

TRADE WITH THAILAND TO BE STEPPED UP

Jakarta BUSINESS NEWS in English 11 Jan 84 p 8

[Text]

Thailand and Indonesia are determined to step up bilateral trade relations, Trade Minister Rachmat Saleh told the press after he had talks with his Thai counterpart, Kosol Krairiksh, here recently.

Both sides share the view that it is necessary to involve the chambers of commerce and industry, exporters, importers and associations in determining the kind of commodities to be covered in trade between the two countries.

Similarity in the kind of most commodities produced by the two countries is one of factors hindering the development of trade relations between Thailand and Indonesia, according to Rachmat Saleh. He pointed out that Thailand had so far imported oil and planes from Indonesia, while Indonesia had imported rice & other food-stuffs from that neighbouring country.

Referring to deficits Indonesia has recorded in trade with Thailand, the minister said the balance of trade should be seen as a whole, and not in bilateral term. In this context, he stressed the need for stepping up trade relations among the ASEAN member countries. For the purpose, he called for more ASEAN trade exhibitions to promote commodities produced by each state in the region.

There is no special trade agreement between Thailand and Indonesia. The balance of trade between the two countries has

shown deficits for Indonesia in the past several years. The deficit stood at US\$ 82.888 million in 1978, US\$ 181.055 million in 1979, US\$ 253.378 million in 1980, US\$ 111.202 million in 1981, US\$ 172.223 million in 1982 and US\$ 121.177 million in the first semester of 1983.

Indonesia's exports to Thailand mainly consist of oil, natural gas, coal, chemicals and timber; while Thai exports to Indonesia comprise mainly rice, sugar, fodder, vegetables and corn.

CSO: 4200/465

EXPECTED DEVELOPMENT OF STRATEGIC CHEMICAL INDUSTRIES

Jakarta BUSINESS NEWS in English 11 Jan 84 pp 10, 11

[Text] The expected development in the capacity of strategic chemical industries as well as the supply of and demand for products produced by strategic chemical industries under the base chemical sub-sector are as follows:

Urea

The total capacity of urea fertilizer plants is scheduled to be increased to 4.47 million tons in 1986/87, an increase of around 62% over the total production capacity of 1982/83. The expansion of the urea fertilizer industry is expected to produce 388,000 tons of ammonia as a by product. Ammonia is needed for a basic material in the processing of ammonium sulphate, caprolactam, soda ash, ammonium nitrate and some other chemical products which will be provided for exports.

After the completion of Kaltim I and II fertilizer projects, the ASEAN Aceh fertilizer plant and the Iskandar Muda fertilizer plant in 1985, the need for urea in the country is expected to be fulfilled only by the local products. To cater for the rising demand for urea in the country and the supply of urea to other ASEAN states, the government is planning to build two more urea plants each with a capacity of 570,000 tons/year.

TSP/DAP/NPK

The government has set up a TSP fertilizer plant in the current Pelita III, with a production capacity of 500,000 tons/year. The plant also produces DAP/NPK fertilizer, besides TSP. The installed capacity of the plant has been increased to 1 million tons/year recently. Another TSP plant with a capacity of 500,000 tons/year is scheduled to be built in 1986/87 to meet the rising demand for this kind of fertilizer

ZA

A ZA fertilizer plant with a capacity of 150,000 tons/year was completed in 1982/83. The designed capacity of the plant will be raised to 400,000 tons/year in 1986/87.

KCL

The KCl fertilizer (muriate of potash) constitutes a mining product. Indonesia has so far imported this kind of fertilizer, as there is still no KCl mine in the country. The need for KCl fertilizer in Indonesia is estimated at 150,000-180,000 tons/year.

Paper

Cultural paper

The designed capacity of the cultural paper industry in Indonesia was 209,000 tons in 1982/83. The installed capacity will be raised to 401,000 tons in 1986/1987. Cultural paper consists of printing paper, newsprint and special paper. Indonesia has been self-sufficient in the supply of printing paper in the country, but still imports newsprint and special paper. With the expansion of the cultural paper industry now underway, Indonesia's dependence on imports is expected to lessen in the near future.

Industrial

Industrial paper

The production of industrial paper in Indonesia is projected to increase from 267,000 tons at present to 517,000 tons in 1986/1987. Industrial paper consists of sack kraft, kraft liner, corrugating medium board, paper board & duplex. The production of industrial paper in Indonesia, except sack kraft, has exceeded the domestic demand. Indonesia plans to produce 174,000 tons of sack kraft/year from 1986/1987. The production of other kinds of paper, such as cigarette paper, will be raised from only 4,200 tons/year at present to 26,700 tons in 1986/1987.

Tire

The production of tires for automobiles in Indonesia is also expected to be up, with the rise of the total designed capacity from 4,935,000 tires at present to 9,939,000 in 1986/1987. The designed capacity will be enhanced from 2,789,000 at present to 5,259,000 in 1986/87 for tires for motorcycles and scooters.

Cement

The designed capacity of the portland cement industry in Indonesia will be raised from 8,500,000 tons in 1982/83 to 17,910,000 tons in 1986/87. Basic materials for the production of cement are abundantly available in the country, except gypsum and other complementary materials.

Synthetic yarn

The designed capacity for the production of polyester fibre and filament is scheduled to be increased from 105,550 tons in 1982/1983 to 173,750 tons/year in 1986/1987. The production of viscose rayon will also be raised from 36,000 tons to 76,000 tons/year.

NONOIL EXPORTS IN 1983 EXAMINED

Jakarta BUSINESS NEWS in English 4 Jan 84 p 2

[Editorial]

[Text]

Prof. Sadli, secretary general of the Indonesian Chamber of Commerce and Industry, at a year-end press conference here concluded that the sector of non-oil/gas exports has demonstrated the most brilliant performance in Indonesia's economy of 1983. So has indeed been the reality. The mining sector, especially crude oil and natural gas, assumed this role in the past. But since 1982 the situation has changed. In 1982 the oil and gas sector registered a negative growth, which means that the volume of production and exports declined. In 1983 their prices suffered a major setback, so that their export value also dropped.

The fate of oil and gas exports affects the role of the government (budget) sector, rendering this government sector unable to boost Indonesia's economic growth over the past two years.

Another sector that frequently shows prominent growth is industry. Even this sector has ceased to further its vigorous growth since 1982. Industry only registered a small percentage of growth in 1982 (normally around 12% per annum) and in 1983 only a slight improvement was made.

Agriculture did not indicate outstanding growth rates either in 1982 and 1983. This sector is in fact very difficult to reach a high growth figure. The rate of 5% annually is already very high (i.e. the pattern in Malaysia and Thailand). The minimum rate is 3.5% per annum to support a fair GDP growth as a whole. For instance, with the target of economic growth for Repelita IV at 5% per annum for the entire economy, 3.5% for agriculture is required. Most advanced of the sub-sector in this field is food materials, particularly

paddy, because all government attention is devoted to this subsector. Plantations, notably state owned estate companies, generally also indicate a fair growth rate. On the other hand, smallholder estates, secondary crops, forestry and (marine) fishery suffer somewhat reduced growths, often as a result of the government's own policies, such as the log export restrictions, the ban on the use of trawlers, etc.

The outcome and growth of non-oil/gas exports statistically are only available up to August 1983, thus only eight months. But the result in the eight-month period of 1983 was quite an achievement, though the effect of devaluation was only felt starting the fourth month. The value of non-oil/gas exports for the 8-month term grew by almost 20%. For the whole of 1983 a 25% rise is virtually most likely to be registered, because of the increasing effect of economic recovery among OECD countries. So in view of the low GDP growth in 1983 (around 3%) and the oil/gas export value decline, there is fairly strong reason to say that non-oil/gas exports have made a "brilliant" performance.

If we take a deeper look at the category that scores the highest point, the group of "industrial products" holds the record. Non-oil/gas exports are divided into three categories : agricultural products, industrial products, mining products. The value of agricultural products rose by 7.78% and of mining products dropped by 6.82%. The mining commodities are still hit by the protracted recession, especially tin.

The category of industrial products does not only hold the record in terms of their growth rate (24.75%), but also against the total value of non-oil/gas exports. The export of industrial products nearly reached US\$ 2 billion out of about US\$ 3 billion worth of total non-oil/gas exports. Hence industrial products constitute the pillar of our hope in the future as well.

If we examine the composition of industrial products exported, the most important commodities are garments and textile, plywood and sawn timber, electronic assembling products, aluminium, palmoil, crumb rubber, urea fertiliser etc. Three groups of commodities have a great potential : labour-intensive industrial products (e.g. garments and textile); natural resources processing products (e.g. plywood and urea fertiliser); and energy-intensive industrial products (e.g. aluminium). In

these fields lies the comparative advantage of our country.

But the success in the export of industrial products still requires other factors. Market expansion and penetration becomes highly important in this age of protectionism. The development of quality and product design is very critical. Investments that can yield export quality products are also absolutely vital. All this calls for cooperation with foreign elements, whether in the form of joint ventures, technical aid, purchase contracts with product design and quality specifications, pre-financing, etc.

Therefore the business climate, government policies, and the understanding of the public and government officials, to make these complementary elements available, are also badly needed.

Jakarta, January 3, 1984

CSO: 4200/464

PROJECTED CEMENT PRODUCTION IN 1984

Jakarta BUSINESS NEWS in English 20 Jan 84 pp 3, 4

[Text]

The procurement of cement for domestic supply from nine cement plants in the country which have a total capacity of 12,910,000 tons/year 's projected to reach 10,477,000 tons in 1984, the spokesman of the Trade Department disclosed here Tuesday. The projection for the procurement of this building material has been made based on data collected by the Directorate for the Procurement and Supply of Industrial and Mining Products, according to the spokesman.

The local production of cement is estimated at 869,600 tons this month, some 833,750 tons of which will be provided for domestic supply. The local production and domestic supply of this building material is respectively projected at 841,600 tons and 806,050 tons in February, and 836,000 tons and 812,000 tons in March. The projection of the local cement production and domestic supply in the first quarter of this year is 2,547,200 tons & 2,451,800 tons respectively.

The target of the local cement production and domestic supply has been respectively set at 837,500 tons and 811,400 tons in April, 881,500 tons and 826,500 tons in May, and 831,700 and 749,250 tons in June. Thus, the target of the local cement production and domestic supply in the second quarter of this year is respectively 2,550,700 tons and 2,387,150 tons.

The local production of cement and the domestic supply of local cement is respectively expected to reach 876,300 tons

and 767,750 tons in July, 885,800 tons & 840,250 tons in August, and 857,800 tons and 874,350 tons in September, or a total of 2,619,900 tons and 2,482,350 tons respectively in the third quarter of this year.

In the fourth quarters of this year, the local cement production and domestic supply is respectively projected at 2,759,200 tons and 2,763,550 tons, comprising 925,500 tons and 913,150 tons in October, 926,500 tons and 922,900 tons in November and 907,200 tons and 927,500 tons in December.

Thus, the projection of cement production in the country is 10,477,000 tons and the allocation of local cement for domestic supply is 10,084,850 tons this year. With the projected surplus of cement supply, Indonesia is planning to export 393,000 tons of this building material this year. The export of clinker is expected to reach 300,000 tons this year.

Viewed from the volume of production, PT DICE (Distinct Indonesia Cement Enterprise) ranks first, with a production capacity of 4,500,000 tons, followed by PT Semen Padang with a production capacity of 2,130,000 tons, and PT. Semen Gresik with a production capacity of 1,500,000 tons a year.

The realisation of cement production by the three cement plants is estimated to reach 6,350,000 this year, comprising 3,500,000 tons by PT DICE, 1,350,000 tons by PT. Semen Padang, and 1,500,000 tons by PT Semen Gresik.

Other cement plants in Indonesia operating with a production capacity over 1 million tons consist of : PT Semen Tonasa - 1,210,000 tons, PT. Semen Cibinong - 1,200,000 tons, and PT Semen Andalas Indonesia - 1,000,000 tons. Cement active with a production capacity below 1 million tons include: PT Semen Baturaja - 500,000 tons and PT Semen Nusantara - 750,000 tons.

PRESIDENT COMMISSIONS ASEAN FERTILIZER PLANT

Jakarta BUSINESS NEWS in English 20 Jan 84 p 3

[Text]

Jakarta (Business News)

President Soeharto stated when he inaugurated the ASEAN fertilizer plant & the expansion project of the Arun natural gas plant in Aceh Wednesday that the role of liquefied natural gas (LNG) in the collection of state revenue as well as foreign exchange earnings continued to increase.

In the first fiscal year of Repelita IV (fourth five-year development plan) which will start in April 1984, LNG will rank second after oil in the creation of state revenue and foreign exchange earnings, according to the Head of Government. In view of the crucial role of oil and LNG in the creation of state revenue, the President called on Pertamina to step up its ability and efficiency in the handling of the two most important export commodities.

He revealed that more natural gas refineries would be built in the country in accordance with the existing national potential as a whole. The completion of expansion projects in the Arun and Bontang LNG plants several months ago has brought about a bigger increase in state revenue, the President said.

The progress made in the development of the oil and LNG industry indicates that the Indonesian nation can work hard and is capable of mastering high technology that is needed in the processing of natural gas into liquefied natural gas, he continued.

The achievement made in the development of the oil and natural gas industries had made the Indonesian people optimistic that the nation will be able to continue development efforts only with the existing potential in the country, according to the Head of State.

The ASEAN fertilizer plant in Lhok Seumawe and the Arun LNG plant are part of strategic sectors already handled by the government before entering Repelita IV, the President said.

He expressed the hope that another ASEAN fertilizer plant in Malaysia would be completed next year. He disclosed that other ASEAN joint projects would be set up in the region in the future.

Besides jointly handling industrial development in the region, the ASEAN member countries also mutually cooperate in the development of the economic and other sectors, to accelerate the creation of just and prosperous societies, the President added.

CSO: 4200/496

FORESTS IN WEST NUSA TENGGARA IN CRITICAL CONDITION

Jakarta PELITA in Indonesian 15 Dec 83 p 6

[Text] Mataram, PELITA—Of the 1,063,275 hectares of forest land in West Nusa Tenggara, 331,000 hectares are in critical condition, and 306,339 hectares of bare land needs reforestation.

Haji Gatot Suherman, governor of West Nusa Tenggara, presented this information in his written remarks, which were read by Drs ["doktorandus," an academic title] Lalu Syukri, assistant regional secretary, at the close of a recent meeting in Mataram for an exchange of views with 30 farmers taking part in regreening activity.

The objective of the meeting was to further the success of the regreening and reforestation program by contacting farmers involved.

The governor said that reforestation in West Nusa Tenggara has been only 40 percent successful. Although planting contests are held every year, results have not been very encouraging.

In Pelita [five-year development plan] II, West Nusa Tenggara received 324 million rupiahs in Inpres [presidential instructions] funds for the regreening of 52,012 hectares and the reforestation of 7,450 hectares.

In Pelita III, through the fourth year, Inpres funds reached 8.6 billion rupiahs for regreening 229,504 hectares and reforesting 23,705 hectares.

Although regreening and reforestation targets continue to be raised, other methods are needed to promote their success.

Greater priority will therefore be given in Pelita IV to the conservation of natural resources for the furtherance of national development.

Governor Gatot Suherman expressed hope that regreening and reforestation will be performed in a unified way by all parties.

6942

CSO: 4213/123

BRIEFS

TECHNICAL ASSISTANCE FOR FORESTRY DEVELOPMENT--Jakarta (BUSINESS NEWS)--The Asian Development Bank has approved [as published] technical assistance to Indonesia for the preparation of a Forestry Development Project. The project, aimed at establishing quick-growing industrial plantations, including expansion and modernisation of existing wood-processing industries, will be of great importance to the country in helping to solve problems of inadequate timber supplies and in export savings. The project is also expected to help increase local value added to wood products, and to alleviate shortages of fuel wood. With the Ministry of Forestry as the Executing Agency, the technical assistance will finance a feasibility study to help the Indonesian Government in formulating a project designed to increase output of industrial wood and fuelwood through organisation of plantations and development of backyard forestry in the country. The project will also assist in expanding domestic processing facilities for sawn wood and secondary wood products for export, and will provide support facilities, including research and education as long-term development goals. [Text] [Jakarta BUSINESS NEWS in English 20 Jan 84 p 9]

RICE, SECONDARY CROP PRODUCTION UP--Jakarta (BUSINESS NEWS)--The production of rice in Indonesia is estimated at 23,524 million tons in 1983 showing an increase compared with 23,191 million tons in the previous year. But the available ricefields narrowed to 8,941 million ha last year from 9,002 million ha in 1982. With the increase of the rice production and the narrowing of ricefields, the productivity of ricefields rose from 2.57 tons/ha in 1982 to 2.63 tons/ha last year. The production of secondary crops generally went up last year. The rise in production reached 57.9 percent compared with the production in 1982 for maize and 21.6 percent for cassava. The production of sweet potatoes and groundnut also rose in 1983. In the plantation subsector, the production of tea and rubber was up by 38.9 percent and 25.5 percent respectively in 1983 compared with that in the previous year. The production of other plantation commodities, namely copra, coffee and pepper remained unchanged. The production of clove, tobacco, cotton and sugarcane respectively increased by 3.3 percent, 3.8 percent, 1.1 percent and 20 percent last year. [Text] [Jakarta BUSINESS NEWS in English 20 Jan 84 p 4]

NEW TAX LAWS APPROVED--A plenary session of the DPR [Parliament] this morning enacted three tax bills into law. The laws cover: 1) general provisions and taxation procedures, 2) income taxes, 3) added-value taxes on [manufactured] goods, and 4) sales taxes on luxury items. [Text] [Jakarta SINAR HARAPAN in Indonesian 15 Dec 83 p 1] 6942

KPNLF CASUALTY COUNT, GAINS REPORTED

(Clandestine) KHMER PEOPLE'S NATIONAL LIBERATION FRONT in English 20 Jan 84
p 14

[Text] Military Fact Sheet = 1 January to 10 December 1983

TOTAL NUMBERS OF SIGNIFICANT

MRRP AND LRRP MISSIONS 1,153 Missions

TOTAL NUMBERS OF SERIOUS

ARMED CLASHES AND FIGHTINGS 347 Times

TOTAL NUMBERS OF SHELLINGS

ON KPNLF CAMPS 7 Times

TOTAL NUMBERS OF

- ENEMIES KILLED IN ACTIONS 567 Soldiers
- ENEMIES WOUNDED IN ACTIONS 143 Soldiers
(Body Count Only)

TOTAL NUMBERS OF

- VIETNAMESE SOLDIERS CAPTURED 7 Soldiers
- HENG SAMRIN SOLDIERS CAPTURED 25 Soldiers

TOTAL NUMBERS OF

- VIETNAMESE DEFECTORS TO KPNLAF 36 Soldiers
- HENG SAMRIN DEFECTORS TO KPNLAF 153 Soldiers
- OTHERS (DELETE)

TOTAL NUMBERS OF KPNLAF COMBATANTS

- KILLED IN ACTIONS 113 Soldiers
- WOUNDED IN ACTIONS 213 Soldiers
- MISSING IN ACTIONS 5 Soldiers

TOTAL NUMBERS OF

- KPNLAF WEAPONS LOST IN ACTIONS	43 Pieces°
- WEAPONS SEIZED BY KPNLAF IN ACTIONS ..	188 Pieces°°

TOTAL NUMBERS OF

- KPNLAF COMBATANTS SUFFERED FROM TOXIC/POISONOUS GAS	276 Soldiers
- ENEMIES SUFFERED FROM TONIC/POISON- OUS GAS	163 Soldiers

° KPNLAF Weapons Lost: 16 AK-47s; 1 B-40; 4 CKCs; 4 CKs;
14 NAKs; 1 K-54; 1 DK-75; 1 M-16; 1 M-79.

°° Weapons Seized By KPNLAF: 104 AK-47s; 19 Soviet AKs;
13 B-40s; 5 B-41s; 12 M-16s; 9 CKs; 4 M-79s; 1 AK-57;
1 M-81; 16 CKCs; 3 RPDs; 1 Carbine.

CSO: 4200/480

BRIEFS

GANGS HELP REFUGEES--Prachin Buri--Many Chinese Kampucheans are escaping from Kampuchea and slipping into Khao I Dang Holding Centre with the help of armed gangs, a Special Task Force 80 source said yesterday. The source said over 1,000 Chinese Kampucheans were among the 43,000 Kampuchean refugees in Khao I Dang. Many Chinese Kampucheans had hired both Kampuchean and Thai armed gangs, paying between 2,000 to 7,000 baht each, to help them cross the border and slip into the centre, according to the source. The source added that a shortage of personnel at the centre had made it difficult to detect such cases. He said the armed gangs which helped the Chinese very often rob other refugees and army-trained rangers guarding the Khao I Dang Holding Centre had clashed with 7-10 members of an armed gang at the centre last Thursday. Two members of the gang, believed to be Kampucheans, were shot dead in the 10-minute clash and Thai troops confiscated two sub-machineguns, an AK47 and a hand grenade. [Text] [Bangkok BANGKOK POST in English 30 Jan 84 p 3]

TROOPS STARVING, INVADE THAI FOREST--Bangkok, Sat.--Hungry Khmer Rouge fighters are using automatic weapons and bombs to hunt animals in a wildlife refuge near the Thai-Kampuchean border, a news report said today. The BANGKOK WORLD quoted a Forestry Department official as complaining that the fighters cross almost daily into Thailand's Ubon Ratchathani Province to hunt for food in the Yod Dom Wildlife Conservation Park. He said that they used automatic rifles and bombs to kill animals for food in the wildlife park located about 580 km north-east of Bangkok near the Kampuchean border. "The sounds of gunfire and explosions can be heard every day," Forestry Department deputy director-general Pairoj Suwannakorn said. He said wildlife park employees lacked the manpower and weapons to stop the intruders but said forestry officials would seek help from the army and border patrol police to curb the killing. Pairoj said the Yod Dom Park was the last natural habitat in Thailand for the Kouprey, a rare forest ox.--UPI [Text] [Kuala Lumpur NEW STRAITS TIMES in English 22 Jan 84 p 19]

CSO: 4200/480

TAX PAYMENTS, RICE SALES, EXCHANGES FOR GOODS WITH STATE SECTOR REPORTED

[The following information is extracted from Vientiane media on the dates indicated in the parentheses at the end of each item in the remarks column. Abbreviations used are: PS=PASASON, VM=VIENTIANE MAI, KPL=KHAOSAN PATHET LAO]

<u>Location</u>	<u>Remarks</u>
Sayaboury Province	Farmers have paid 2,780 tons of rice to state as taxes and have sold 270 tons to the state. (PS 26 Jan 84 p 2)
Boten	
Kenthao	
Phiang	
Xianghon	
Savaboury	
Sanasomboun, Champassak	Paid more than 213 tons of rice in taxes to state. Sold and exchanged for goods with state 133 tons. (PS 25 Jan 84 p 1)
Mai District, Phong Saly Province	Paid more than 95 tons of rice to state as taxes. (PL 20 Jan 84 p 18)
Champhon District, Savannakhet	Paid 2,090 tons of rice to state as taxes and sold a total of 2,061 tons of rice to the state. (PS 19 Jan 84 p 1)
Sisattanak District, Vientiane Capital	From the end of December 1983 to 13 January, farmers paid 51 tons of rice to state as taxes and exchanged 52 tons with the state for goods. (VM 19 Jan 84 p 4)
Savannakhet Province	Paid 4,200 tons of rice to state as taxes and sold 1,800 tons to state. (PS 20 Jan 84 p 1)

Vientiane Capital

Hatsaifong
Saithani
Nasaithong
Saisettha
Chanthabouli
Sikhottabong
Sisattanak

Tax payments, rice sales, exchanges to state as follows:

979.9 tons, of which 385.4 were taxes
110 tons as tax; 818.5 sold or exchanged
241.6 tons as tax; 463.3 tons sold or exchanged
32 tons as tax; 219.1 tons sold or exchanged
29 tons as tax; 123 tons sold or exchanged
91 tons as tax; 275.4 tons sold or exchanged
56.8 tons as tax; 53.9 tons sold or exchanged
Figures are as of 12 January 1984.
(VM 18 Jan 84 p 4)

Samphan District, Phong Saly
Province

Paid 217 tons to state as taxes.
(PS 14 Jan 84 p 2)

Vientiane Capital

Six thousand hectares of dry season rice have been transplanted. (VM 14 Jan 84 p 1)

Khammouan Province

Paid 1,700 tons of rice to state as tax.
(PS 13 Jan 84 p 1)

CSO: 4206/72

MALAYSIAN TIES TO TAMIL SEPARATISTS PROBED

Kuching THE BORNEO POST in English 25 Dec 83 p 1

[Text] Kuala Lumpur, Sat:--The government has expressed concern over Malaysian individuals and organisations, including the opposition Democratic Action Party (DAP), who are supporting the cause of Tamil separatists in Sri Lanka.

Deputy Home Minister Kassim Ahmad said an investigation should be carried out to check the degree of the Malaysians' involvement in the movement which seeks to create a separate state for the ethnic minority Tamils in Sri Lanka.

He added however that "it is premature to comment further at this stage" and would have to wait until a full investigation has been carried out.

Violent ethnic riots which broke out last July in Sri Lanka between Tamils and majority Sinhallas left more than 370 people dead.

Mr. Kassim was commenting on a report that the DAP and several Tamil organisations had participated in the international conference of solidarity with the Tamils of Sri Lanka in Madras, India, on December 3 and 4.

The conference was organised by the World Tamil Youth Federation and, according to DAP leader V. David who attended, 40 organisations in Malaysia including the ruling national front parties were invited but only five or six attended.

Mr. David said Samuel Raj of the Gerakan Party, a component of the ruling national front, was also present as well as DAP secretary general and opposition leader Lim Kit Siang.

The December 22 issue of the Hong Kong-based Far Eastern Economic Review quoted Mr. David as saying that the Tamil community here pledged support for the Tamil successionist movement in Sri Lanka.

The DAP strongman, however, denied that he had made such statements and instead said that only the Malaysians who attended the conference pledged support for the creation of an autonomous Tamil state in the north and eastern parts of Sri Lanka.

Deputy Foreign Affairs Minister Abdul Kadir Sheikh Fadzir said he regretted that some Malaysians and their organisations had lent support to the Tamil separatist movement in Sri Lanka's country's internal affairs.

He felt that such acts not only contradicted the country's foreign policy but could also damage the friendly diplomatic relations between Malaysia and Sri Lanka if their activities were allowed to go on.

Mr. Abdul Kadir said he regretted the actions of some individuals and organisations that had protested to the Sri Lankan high commission over the country's alleged atrocities against the Tamil minority.

CSO: 4200/460

LIBERATION FRONT ISSUES APPEAL TO MITTERRAND

BK150302 Melbourne Overseas Service in English 0200 GMT 15 Feb 84

[Text] The Independence Front in New Caledonia has appealed to President Mitterrand to repatriate all French nationals in the colony who had tried to prevent what the front called the liberation of the Kanak people.

A spokesman for the liberation front, Mr Eloi Machoro, told a news conference that this statement referred to all nationals who refused to take part in discussions with the Kanak people on the country's future. He said that a telegram had been sent to President Mitterrand reaffirming the Kanak people's determination to recover their land and heritage.

He said many European karmaru wanted to settle land claims amicably with the Kanaks, but he said they were prevented from doing so by hard-line anti-independence people.

Mr Machoro said the liberation front's telegram to President Mitterrand also reaffirmed the front's determination to boycott all elections if there was no electoral reform.

CSO: 4200/489

SCIENTIFIC DELEGATION TO VISIT PRC IN APRIL

Auckland THE NEW ZEALAND HERALD in English 11 Jan 84 p 2

[Article by Staff Reporter Hamilton]

[Text] Pandas and Antarctica will feature in talks when a top-level New Zealand scientific delegation visits China in April.

The delegation, to be led by the Minister of Science and Technology, Dr Shearer, is described as an information-gathering mission.

Dr Shearer said yesterday that there had already been considerable scientific contact between the two countries in fields such as horticultural and earthquake research.

This had led the former Chinese Ambassador to New Zealand, Mr Qin Lizhen, to remark that it was about time Dr Shearer visited China.

A formal invitation was issued by the minister in charge of the Chinese State Scientific and Technological Commission, Mr Fang Yi, for a 13-day visit beginning on April 1.

Ross Island

Dr Shearer will be accompanied by the Director-General of the Department of Scientific and Industrial Research, Dr Graham Butler, and three other top DSIR officials.

The Minister's wife, Sandra, will also go.

Dr Shearer expects, among other things, to talk to Chinese scientists interested in establishing a base in Antarctica, possibly on Ross Island alongside New Zealand's Scott Base.

Giant Panda

This would be a good move as it would also be next to the United States base and could be served through Christchurch, he said.

The Chinese were interested in researching features of Antarctica, such as weather and geology, but they had no great desire to explore for oil and other minerals.

Dr Shearer said he had considered visiting the new compound in central China designed to help to save the endangered giant panda.

However, it was too remote to go to in the time available, and the visitors would have to restrict themselves to discussion whether New Zealand scientists could help with the rescue campaign in any way.

For example, he said, one of the problems facing the giant panda was the depletion of the bamboo type it preferred to eat.

New Zealand's expertise in plant breeding might well be used in a programme to make the bamboo grow better.

There was also considerable interest in learning about strains of kiwifruit only grown in China.

Dr Shearer said even the Chinese had abandoned the traditional term of Chinese gooseberries calling them kiwifruit instead.

CSO: 4200/462

LABOR PARTY PROMISES CONSENSUS IN GOVERNMENT

Auckland THE NEW ZEALAND HERALD in English 17 Jan 84 p 1

[Text]

The Leader of the Opposition, Mr Lange, has promised a return to consensus politics under a Labour government to achieve a more equitable distribution of wealth and to implement far-reaching economic and social changes.

Looking tanned and refreshed after several weeks on holiday, Mr Lange last night gave the Blockhouse Bay-Lynfield Lions Club the second of two major New Year policy speeches.

He later left for Los Angeles on the first leg of a world tour.

Goals

Although Mr Lange did not release any details of a Labour policy — he said they would come later — he explained that the party planned to involve as many New Zealanders as possible in formulating, timing and implementing the major changes it would make once in office.

Mr Lange said a consensus was needed to achieve the goals which Labour would set and it would arise from far more than a single conference of various groups in the community.

A Labour government would adopt the role of a "team coach" rather than acting as an umpire between employers and unions.

Unequal

Major changes were essential because of the country's economic problems and lack of economic direction he said.

Mr Lange said present production trends were unlikely to stem falling living standards and in the meantime the country was becoming increasingly an unequal society in terms of income distribution and the provision of social services such as education and housing.

The Labour Party was committed to reversing the decline in employment, to raising living standards and to restoring New Zealanders' belief that their society was a fair one.

The state must play a part in putting that commitment into effect, said Mr Lange.

"In those nations that have been far more successful than we have the state has been pervasive in assisting, not hindering development."

Alternatives

There must be an acceptance by all sections of

society that there would be winners, losers, costs and benefits as a result of the changes to be made, said Mr Lange.

But the community must accept responsibility for compensating the losers.

Mr Lange said three alternatives existed for bringing about widespread change. It could be achieved by a conservative method, stressing free enterprise with minimum state involvement and allowing the marketplace to be unfettered in its distribution of costs and benefits.

Mixed

A second method would be based on centralised economic planning, where people in Wellington would impose their views on who should be winners and losers in given situations.

The third method — strongly advocated by Labour — was the consensus model which involved the state, private enterprise, unions and employers in a mixed economy.

"Decisions on the overall framework — the economic and social objec-

tives — are reached through consultation and not left entirely to the marketplace or centralised planners."

The present system, said Mr Lange, was a combination of conservatism and centralisation and was "hopelessly outmoded."

Conflict

The country had centralised control — prices, wages, interest rates — without centralised planning he said. The control was imposed on a free enterprise system that was probably the worst of all worlds.

Arguing the case for consensus, Mr Lange said a system of conflicting interest was operating now, whereby change took place at the cost of one group or another.

The wage-price freeze had been imposed without consultation or consensus, he said, but a consensus on that issue would have provided all parties with a knowledge and commitment to work to an agreed end.

The Labour leader also took as examples of imposed controls major policy announcements which he said were made by the Government in 1979 and 1982 without consultation or agreement.

The Government had also claimed that its victory in 1981 had given it a mandate for the "think big" energy programme.

"But I want to challenge and oppose that sort of approach to government.

"I think it is time-worn, it is a failure, it has not worked.

Caring

"And what we have to do now is to be open and forthright in what our goals are, invite consultation and then draw people in across the board into a commitment to those goals."

He said that sort of approach had to be developed from a moral standpoint, not an economic one.

"In the new consensus, change will be discussed, implemented and carried out with the most agreement possible."

Arguing that a consensus was possible to achieve, Mr Lange said New Zealand was a caring society and was drawn together by such things as good causes and major disasters.

He told his audience of about 100 that he would pay "a bit of a tribute" to the Government over the

closer economic relations agreement with Australia.

"What happened was that the Government set out actually to develop a consensus. They briefed manufacturers, exporters and importers. They briefed farmers, they briefed members of Parliament ...

"I believe that that was an example of how you can develop the sorts of deals the country is going to have to be involved in."

CSO: 4200/462

UNEMPLOYMENT BREAKS POSTWAR RECORD

Auckland THE NEW ZEALAND HERALD in English 16 Jan 84 p 3

[Text]

Unemployment reached a postwar record last month, mainly because of a sharp rise in the number of school-leavers registering for the dole.

The total number of people registered as unemployed or on special work schemes was 128,540.

The December total was 24 per cent higher than the figure recorded at the same time in 1982 (103,949).

At 81,062, the number of registered unemployed in December (including holiday workers) was up by 1725 on the previous highest level recorded last July.

The combined total of people registered as unemployed or on job creation programmes was also higher (by more than 6000) than the previous highest level, in November last year.

If holiday workers are excluded, 74,741 people were registered as unemployed on December 16. They represented 5.6 per cent of the workforce.

26 Weeks

A total of 8156 school-leavers was included in the figure for registered unemployed — an increase of 3047 over the previous month.

Of those people registered as unemployed, nearly 5000 had been enrolled for 26 weeks or more.

The Minister of Labour, Mr Bolger, said end-of-year school-leavers seeking their first job had been expected to increase the registered unemployment figure.

But it was significant, he said, that the increase was less than half the increase recorded in December 1982, reflecting a stronger job market.

"December statistics which show that the whole of the increase in registered unemployed relates to school-leavers re-emphasises the need for all employers to offer jobs to young people wherever possible."

Slight Drop

Mr Bolger said he was pleased with the continuing high response to the private sector employment incentive scheme and the success of the student job search organisation.

There had also been a slight drop in the number of people unemployed for a long period.

Mr Bolger said 298 more trainees had entered the school-leaver training and employment preparation scheme (Steps) last month. They brought the total intake to 2455 and confirmed the popularity of the scheme.

However, the Labour Party spokesman on employment, Mr Peter Neilson, said the key comparisons with the unemployment figures in 1982 were all embarrassing for Mr Bolger.

Failure

"Unemployment, while falling in the United States, Britain and Australia, is up and running in New Zealand," he said.

The high number of unemployed school-leavers had signalled the failure of the Steps programme, said Mr Neilson.

He added that, although the present trend indicated there would be more than 10,000 unemployed school-leavers by the end of next month, the Government planned to provide only 5000 positions under the scheme in the present financial year.

The six-month stand-down period for project employment schemes was also proving disastrous, Mr Neilson said, and the number of people out of work for six months or more had increased marginally last month.

Confidence

"The December figures indicate that the Government's two claimed special areas of concern — school-leavers and the long-term unemployed — are being inadequately served by its present programmes."

The number of registered unemployed and those on special work schemes was at its highest for 50 years, said Mr Neilson, and unemployment would continue to grow until the Government gained the confidence of the private sector.

The Deputy Leader of the Social Credit Party, Mr Garry Knapp, said the figures had clearly highlighted the Government's failure to produce clear and practical answers to solving large-scale unemployment.

SCORPION LIGHT TANKS INTRODUCED IN MANEUVERS

Christchurch THE PRESS in English 13 Jan 84 p 2

[Text]

The New Zealand Army's new Scorpion light tanks will make their first South Island appearance this week-end.

Four of the Scorpion fire-support vehicles will arrive at Timaru Airport in two R.N.Z.A.F. Hercules aircraft on Sunday morning. The light tanks will then be driven to a ramp for loading on to trucks. From Timaru they will be taken to Tekapo in preparation for the annual camp of South Island Army units.

The Scorpions, which will arrive from Waiouru, will be accompanied by their crews, of three men each.

Sixteen Army units will take part in the annual

camp, which will include an exercise named Golden Fleece. This exercise will practise the South Island's two Territorial Force battalions as a brigade in the attack phase of war.

The battalions will practise combined arms tactics and will have the opportunity to become familiar with the Scorpion.

The two battalions to take part are the 6th (Otago, Southland) Battalion and the 2nd (Canterbury, Nelson, Marlborough, West Coast) Battalion of the Royal New Zealand Infantry Regiment.

The annual camp will begin on Monday and end on January 29.

CSO: 4200/462

CHRISTCHURCH FIRM IN JOINT VENTURE WITH PRC

Christchurch THE PRESS in English 18 Jan 84 p 19

[Article by Ken Coates]

[Text] Quietly and without fanfare, a Christchurch-based company has become well established in a joint venture with a factory in China processing lamb skins into leather.

China has provided factory space and 400 workers, while the New Zealand firm has installed \$90,000 worth of machinery, and supplied chemicals, supervision and semi-processed raw materials, exported from the central North Island through Napier.

The two-year-old project, originally conceived by the Import-Export Corporation, is a move towards a toe-hold in the potentially huge market for leather as China's millions gradually attain higher living standards.

"We have built up good relations with the Chinese, ready for expansion and expected further growth," says Mr John Mathias, the managing director of a subsidiary wholesale company in Hong Kong, Glatma Leathers, Ltd.

So far, although the Chinese tannery in Guangzhou (Canton) has processed about one million square feet of leather worth \$700,000, the venture is barely paying its way.

But this does not unduly worry Mr James Duncan, a director of Mairship (N.Z.) Ltd, the leather division of Mair and Company.

"We have a presence in China where we have been recognised, and invited to set up other joint ventures," he says.

As yet, none of the processed New Zealand leather has been sold to China, but Mr Mathias lives in hopes of a major order that would set the venture well on its feet.

There is still a ready market for the leather, which is sold in Hong Kong, North America and Europe, Scandinavia, and South Korea.

One order from an English company went via Hong Kong to South Korea where it was processed and made into garments for the Soviet Union.

Glatma, 70 per cent owned by Mair and Company and 30 per cent Hong Kong-owned, also has a tannery in Macau, the Portuguese island near Hong Kong.

The New Zealand joint venture is with the municipal authority of Guangzhou, but talks are planned soon with the Guangdong Provincial Corporation, major exporters of garments and handbag leather. This could lead to the kind of breakthrough in sales in China the company is working for.

"China is so big that it is just a question of hanging in there," says Mr Mathias. "This is no quick return gamble — the Chinese ask us to be patient, and this is the only way to do business there."

From the Chinese point of view, the arrangement provides them with a tannery, modern machinery, which they pay for by deducting a portion of processing charges, and improved methods.

"Their technical people are quite good, and they handle sophisticated machinery efficiently."

Mr Mathias, Welsh-born, has a multiple visa which enables him to visit the tannery in China at any time. Headaches arise largely not from production problems, but from the mainland Chinese way of doing things.

This includes late delivery because of a hold-up in applications to various authorities to have the leather transported out of China.

"Sometimes, when I visit, no-one is working and machinery is idle," he says. "I am told everyone is away seeing a film."

"On another visit, I am invited to visit a lake, but I am mainly concerned about urgent delivery to keep faith with customers in the United States."

"These people are not motivated by the profit motive, and have no idea of our system with the demands imposed by competition."

"But once the Chinese trust you, they are reasonable and reliable. It is essential to provide goods equal in quality to samples."

Delay can also be caused by the processing of large volumes of skins from Syria or other Mid-East countries using them for barter payment of arms and other goods from China.

Future prospects for trading in leather look good. Mr Mathias reports that with a Brazilian embargo on export of hides, inquiry for New Zealand leather is keen.

"There is even interest from Japan, which is always a difficult market for exports."

The tannery in Guangzhou processes skins from other parts of China, but is paid for the work on New Zealand lamb pelts in foreign currency. From this, it meets all wage costs and overheads.

The average wage of the Chinese workers at the tannery is between \$20 and \$30 a month, compared with a Hong Kong worker's \$400 to \$600 monthly for similar work.

More than half China's foreign joint ventures and 90 per cent of investments in the adjacent Shenzhen special economic zone are secured from Hong Kong.

For New Zealand, Hong Kong has an important role in promoting exports into China.

Observers note a growing volume of trade, negotiated

through Hong Kong middle-men and shipped direct from New Zealand to ports in China. This includes wool, dairy products, livestock, agricultural technology, carpets and machinery.

One such trader, Vernon Choo Fone, says there are good relations between China and New Zealand, and the outlook is bullish.

China needs the raw materials wool and timber, he observes, but the time will come when China will want this country to take more of its exports.

A marketing officer attached to the staff of the New Zealand Trade Commission in Hong Kong has just made a trade survey in Fuzhou, Gungzhou and Shenzhen.

Results will be studied to see whether the commission can play a role promoting trade in south China. The Australians are already active in this area.

Indicative of the modernisation path China is following is the appearance in Hong Kong of an industrialist, Mr Wang Guangying, who has set up two corporations to buy technology worth hundreds of millions of dollars for China.

Mr Wang, a brother-in-law of the late Chinese President, Mr Liu Shaoqi, is the first Chinese citizen to set up a private corporation in Hong Kong since 1949.

He says he is not a communist, but a patriotic capitalist. He submitted a proposal to Premier Zhao Zhiyang earlier this year and says approval was granted within two days.

China has about 400,000 enterprises and factories that need foreign technological know-how, says Mr Wang.

CSO: 4200/462

MULDOON FAULTS 'THINK BIG' PROJECTS

Wellington THE EVENING POST in English 18 Jan 84 p 10

[Text] If New Zealand had not invested heavily in Think Big projects, the country would now be running a surplus rather than an external deficit, the Prime Minister, Sir Robert Muldoon, said last night.

Addressing the Orewa Rotary Club north of Auckland, he said that, last January, he had projected the external deficit for the March 1984 year at 6.6 percent of the gross domestic product (GDP) compared with the peak of 13.6 percent in the March 1975 year.

That projection had been an over-estimation, he said, even though he had pointed out it was subject to a margin of error.

"It now appears that the figure will be about half that projection--that is to say, a little over 3 percent, and my belief is that for the March 1985 year, it will be in the same vicinity," Sir Robert said.

After that, as more of the energy-based products come on stream, horticultural exports build up and terms of trade improve, that percentage ought to move down.

Surplus

"My belief, which I have to confess is not shared by some academic economists, is that we will be in surplus on our external current account before the end of the decade of the 1980s, and that will be the pay-off for the investment which we are making today in the face of continued, and I believe, ignorant criticism.

"If our external deficit for the March 1984 year is something under \$1000 million--say, \$800 million--then, in the same year, we will have put over \$1000 million in overseas content of the capital investment in the Think Big projects.

"That is to say," the Prime Minister said, "without this capital investment, we would already be in surplus."

Borrowing

Therefore, it could be said that New Zealand's current borrowing was not for consumption but for investment. As any businessman knew, without that kind of borrowing he would not be in business.

Sir Robert admitted the country had, in recent years, borrowed for consumption.

"That was deliberate.

"It has always been my view that if, looking ahead, we could see the day when we would be in surplus and in a position to pay off our debts, we were justified in maintaining the standard of living of New Zealanders in the meantime, even at the expense of some borrowing."

There was an alternative view held by academic economists and the Government's political opponents.

Decline

It advocated an end to borrowing, followed by a decline in the standard of living, a rise in unemployment, business bankruptcies and farmers walking off their farms.

Such a policy was neither necessary nor sound economic policy for this country.

Sir Robert said he readily admitted that if the country were not energy-rich, and did not have increasing exports, "the decision would have been a much more difficult one."

CSO: 4200/462

ARMY JOINS AUSTRALIA IN ARMS EVALUATION

Wellington THE EVENING POST in English 23 Jan 84 p 12

[Text] Sydney, Jan 21.--The New Zealand Army is to join an Australian evaluation of three 5.56mm weapons to be looked at to replace rifles and machineguns in service here.

The Australian armed forces are looking at Austrian and American-made rifles and a Belgian machinegun to replace existing weapons, and the results will be known by mid-1985.

The Australian Defence Department said 30 of each type of rifle and 12 of the light machineguns would be bought, and the trial would cost about \$A800,000.

A New Zealand defence spokesman in Canberra said today that a New Zealand Army officer would join the Australians in the evaluation with a view to replacing weapons in New Zealand.

The Australians are looking to manufacture under licence whatever guns they select.

The armed forces of both countries are committed to standardise their weapons and equipment purchases as much as possible, and the two armies are already looking at a joint replacement for armoured personnel carriers, while the New Zealand Navy is looking closely at what submarine the Australians choose to replace their six Oberon class vessels.

Australian Defence Minister Gordon Scholes said this month that his government would soon announce a request for tenders to provide new utility helicopters for Australia's air force and navy which at the moment is without an air arm.

New Zealand is understood to be interested in looking at what the Australians turn up in the helicopter line also.--NZPA.

CSO: 4200/462

NEW CALEDONIA DAIRY IMPORT LIMITS PROTESTED

Wellington THE EVENING POST in English 10 Jan 84 p 3

[Text]

New Caledonia has imposed regulations making France and other European Community nations its only legal supplier of major dairy items — pushing New Zealand out of a \$3 million Pacific market.

Since the regulations were enforced last November, New Zealand diplomats and trade officials in Paris have been working to have them overturned by higher authorities than those in the French overseas territory.

The Dairy Board was the major non-EEC supplier to New Caledonia, with exports comprising mainly milk powders, ultra heat-treated milk and cheese. The EEC-only requirement closes the island to these items, including the fresh Abel Tasman camembert rapidly taking a share of the market there.

Officials believe the decision on dairy access to New Caledonia was made by a local official in the overseas territory, and are therefore working in Paris to have it reversed.

While it is probable the ban on non-EEC imports of milk items and cheese contravenes the General Agreement on Tariffs and Trade (GATT), dairy and trade sources are unsure of its application to trade with New Caledonia.

The trade sources expect, however, that the regulations can be withdrawn without the need to use the lofty legal avenues open under Gatt.

French Polynesia has not followed the New Caledonian lead and is still open to New Zealand dairy items.

CSO: 4200/462

NEW ZEALAND

BRIEFS

CONSORTIUM TO SELL MEAT IN JAPAN--The Meat Producers Board said yesterday it will form a consortium of meat companies to develop the Japanese market for lamb. In a statement, it said it would also establish a new company, the Asian New Zealand Meat Co Ltd. This will be establishing a branch office in Japan to sell mutton, lamb carcasses and lamb primal cuts to Japan. The decisions follow a major study and review of marketing sheepmeat in Japan over the past 20 years. The board considers Japan has considerable potential and in late 1982 declared it to be a development market. Under the new arrangements, the board will sell mutton direct to the Asian New Zealand Meat Co Ltd for sale through its sole agents in Taiwan and Hong Kong. The companies to form the consortium have not been named. [Text] [Wellington THE EVENING POST in English 10 Jan 84 p 6]

CSO: 4200/462

AFP COMMANDERS, PRESIDENT TO MEET INDONESIA'S MURDANI

HK081427 Manila BULLETIN TODAY in English 8 Feb 84 pp 1, 11

[Text] Gen Leonardus Moerdani, commander in chief of the Indonesian Armed Forces, motored to Baguio City yesterday on the second day of his official visit here at the invitation of Gen Fabian C. Ver, armed forces chief of staff.

While in Baguio, Moerdani is expected to pay a courtesy call on President Marcos.

The visiting Indonesian general is also scheduled to confer with Ver, along with the commanders of the four AFP [armed forces of the Philippines] major services--Lt Gen Fidel V. Ramos, PC chief; Maj Gen Josephus Q. Ramas, army chief; Maj Gen Vicente M. Piccio, Jr, air force chief; and Rear Admiral Simeon Alejandro, navy chief.

General Moerdani arrived Monday afternoon at the Villamor Air Base. He was met by AFP leaders headed by Ramos, who is the AFP vice chief of staff, and Brig Gen Amadeo Forteza, commander of Villamor Air Base.

Members of the Indonesian community in Manila led by Indonesian Charge d'Affaires Roni Kurniadi also welcomed General Moerdani.

Among the members of Moerdan's entourage are Lt Gen Gunawan Wibisomo, Maj Gen M. I. Sutarjo, Maj Gen Dading Kalbuadi, and Maj Gen Try Sutrisno.

In his arrival statement, Moerdani said he was glad he had been invited by General Ver to visit the Philippines and that he looked forward to forging closer relations between the Philippines and Indonesia.

Although a frequent visitor to the country, this is General Moerdani's first official visit to Manila since becoming the commander in chief of the Indonesian Armed Forces.

General Ramos described Merdani as a reliable friend of the Filipino people.

CSO: 4200/490

MINDANAO BLOC JOINS MAY 1984 ELECTION BOYCOTT

Manila THE MANILA PAPER in English 24-30 Jan 84 pp 1, 5, 6

[Text] The Lig-ong Hugpong sa Katawhan sa Mindanaw (LIHOK-MINDANAW), in a year-end consultation meeting held by its Executive Board and Executive Committee of members multisectoral alliance from different regions in Mindanao at Cagayan de Oro City, disclosed that it had reached a unanimous decision in favor of not participating in the coming January 27 plebiscite and Batasan election in May 1984. LIHOK, the umbrella organization of different multisectoral alliances throughout Mindanao, is calling for a militant yet peaceful, vigorous yet nonviolent Mindanao-wide and nationwide boycott of the January 27 and the 1984 Batasan Pambansa election this May.

The following are some of the reasons of LIHOK-MINDANAW as the bases for its call to boycott:

1. Any election, plebiscite or referendum under the US-Marcos dictatorship is farcical and futile political exercise and would serve only to lengthen the sufferings of the people;
2. LIHOK will never participate in any farcical and futile plebiscite, election or referendum;
3. Participation in such plebiscite and election, whether it be as candidate or as voter will only legitimize the illegal existence of the oppressive US-Marcos dictatorship and will give it further strength;
4. The plebiscite and the Batasan election are attempts to deceive the public into thinking that democratic processes have been restored;
5. Participation in said plebiscite and election will legitimize the 1973 Constitution which was neither duly approved by the Constitutional Convention nor validly ratified by the people;
6. The January 27 plebiscite and May Batasan Pambansa election are also attempts to fool the public into believing that a clean and honest election, plebiscite, referendum or any other parliamentary exercise is possible under the present dictatorial regime;

7. As an austerity measure in these times of economic crisis, since millions of pesos are going to be spent in the coming farcical and futile plebiscite and elections, it will just produce nothing but an "expensive rubber stamp Batasang Pambansa," a name that Batasang Pambansa deserves because it cannot enact or promulgate laws Marcos does not like;
8. These are moves to divide the opposition;
9. If the opposition will join, it will be used to give credibility to the fraudulent victory of the Marcos camp as the experiences in past elections, plebiscite, and referenda have shown;
10. The January plebiscite and the May Batasan election are parts of US-Marcos policy to divide and paralyze the broadening anti-US-Marcos dictatorship movements to win over the reformists and to isolate the people's struggle for independence;
11. The coming plebiscite and election are intended to prevent the eventual and complete collapse of the Marcos regime;
12. The ultimate motive of holding such plebiscite and election is to show to the world, especially to the foreign investors and creditors, that the Marcos regime still has a stable government in order to attract foreign investments and to facilitate foreign borrowings or foreign debts which would only mean further economic crisis and sufferings of the people;
13. The holding of such plebiscite and election is not mandated by a legitimate constitution duly ratified by the people. These political exercises will be held as dictated by the US-Marcos dictatorship;
14. The public school teachers will be exploited and used again, as in the past, by the Marcos camp;
15. LIHOK-MINDANAW stands firm on its demand for the dismantling and ouster of the US-Marcos dictatorship and the establishment of a genuine coalition government based on justice, freedom and democracy.

During the meeting, it was agreed that only in boycotting the plebiscite and the Batasan election can the militant struggle of the people for true nationalism and democracy be advanced, and the overall processes of dismantling the US-Marcos dictatorship be aided.

LIHOK-MINDANAW is conducting educational programs and campaigns in line with the boycott movement in the form of symposia, rallies, meetings, fora, seminars, conven-consultations [as published], press releases, etc.

All freedom loving Filipinos, organizations, and groups are called upon to join in launching the most militant boycott movement for the coming January 27 plebiscite and the 1984 Batasang election in May.

"Boycott!" "Do not register!" "Do not vote!" "Do not run as candidate," are some of LIHOK's slogans.

PAPER SAYS CEBU KBL LEADERS FEAR RUNNING FOR BATASAN

Cebu City THE VISAYAN HERALD in English 14 Jan 84 pp 1, 4

[Article by Ernie Arcenas]

[Text]

The ruling Kilusang Bagong Lipunan (KBL) party men in Cebu are scared to run in the coming Batasan election in May this year.

Cebu Governor Eduardo Gullas who heads the party here and a favored candidate because of his sterling performance as the province's chief executive has repeatedly declared his decision not to run even if ordered by President Marcos.

Former City Mayor Florentino Solon and currently Deputy Minister of Health, in spite of the draft by KBL ranks, said he is not keen on running in the coming polls.

Marcelo 'Celing' Fernan, a very good material with a huge following in Cebu and supported by a highly creditable credential as a lawyer and educator slammed the door to the inclusion of his name in the party's ticket in the city.

Only Deputy Minister of Justice Jose Borromeo, who observers say is a stranger in Cebu, is running and a host of neophytes who are busily at work to launch their candidacy.

The Durano clan under the tutelage of the grand old man of Cebu politics, former Congressman Ramon Durano, Sr. are still finalizing who among the family members will be included in the slate of eight seats.

With all the elements of a well-oiled machine, the KBL party with so much logistics and machinery is disorganized as ever. The big party stalwarts are afraid to run. Why?

Political observers here believed the reason why prominent KBL leaders are scared to run as candidates for seats in the Batasang Pambansa is the threat and fear of being repudiated by the Cebuanos.

The causes of this fear are: The heightened awareness and hatred of the people against Marcos and the KBL ruling party for the assassination of Benigno 'Ninoy' Aquino; the economic crisis as a result of the political instability resulting from Aquino's death and the exposure of the administration's fiscal mismanagement; and

Cebu City and its outlying towns has always been a bastion of the opposition.

The political rivalry of Gov. Gullas and Ramon Durano, although publicly denied by both, is real. Gullas and Durano's personal animosity is clearly shown by their separate preparation and submission of two lists of prospective candidates from the ranks of the party in Cebu.

The party itself is disorganized and split because of this hidden rift. While Gullas is the KBL party head in the province, his political leadership from time to time is being challenged by Durano. The kingpin from Danao City who is a mere barangay captain can summon the presence of municipal mayors and they come in droves.

Meanwhile, political unknowns in the KBL ranks are making waves through hostings in the barrios accompanied by publicity in the local media. But the big question is: What are the KBL's chances in the coming election?

BISHOPS AVOID STAND, URGE RESPECT FOR THOSE WHO BOYCOTT POLLS

Cebu City THE VISAYAN HERALD in English 14 Jan 84 pp 1, 12

[Text]

The Catholic Bishops' Conference of the Philippines yesterday denied advocating participation or boycott of the elections.

"It is not for us to tell whether or not to vote in these undoubtedly far from moral times . . . a period of national crisis," the CBCP said in a statement.

The decision should spring from each individual's conscience, it added. However, the bishops, led by Antonio Mabutas, president of the CBCP administrative council, urged respect for citizens who do not wish to participate in the plebiscite and elections. "Any penalty on those who fail to vote or who abstain from voting and openly express their stand should be suspended."

It stressed that in the light of "unusual circumstances" in the country today, the right of peo-

ple to boycott political exercises they consider contrary to the dictates of conscience should be recognized.

The bishops called for "free public discussions" of the vital issues "for a sufficient period of time" and urged the government to assure the public that "no man shall be imprisoned or subjected to threats of imprisonment or other forms of reprisal for exercising his right to free speech or peaceful assembly."

The military was singled out by the bishops as an institution, especially in the rural areas, that must heed the clamor for a "proper climate of freedom and fair play." Together with the civil government, the military "must desist from any action that would frighten the citizenry and deprive them effectively of their basic freedom."

CSO: 4200/450

ARTICLE ON MILITARY CHARGES AGAINST PRIEST, BACOLOD SITUATION

Melbourne THE AGE in English 31 Jan 84 p 13

[Article by Michael Richardson in Singapore: "How the Military Built Its 'Case' Against Gore"]

[Text] **M**ARIANO GALLO is back in the sugar-growing province of Negros Occidental. And he has been promoted.

Australian Roman Catholic missionary Father Brian Gore hasn't left the province. He is in jail in Bacolod in the central Philippines with two other priests — an Irishman and a Filipino — and six of their lay workers. All have been charged by local military authorities with complicity in a multiple murder.

There is a certain — some say sinister — irony in the differing fortunes of the priests and lay workers on the one hand and of Mariano Gallo on the other.

It says something about the nature of the case against the Catholic Church activists and its background.

Father Gore, 40, had just returned to his parish in the foothills of the mountains of Negros island after six months holiday in Australia when he had his first well-publicised encounter with Mariano Gallo, then a lieutenant in the Philippine army.

It was at 10.30pm on 23 September 1982. Father Gore was asleep in one room of the church presbytery in Oringao village when the long-range patrol unit led by Lieutenant Gallo crept into the compound.

Several of the soldiers, pretending to be poor people needing food, water and medicine for a sick woman, begged for help. But a carpenter sleeping with his wife and

their three-month-old baby daughter in the room next to Father Gore's peered out a window and recognised the troops.

After an angry exchange of words, during which they neither produced a search warrant nor gained entry, Lieutenant Gallo's men went away.

Early the next morning — market day in Oringao village — the same anti-communist counter-insurgency patrol unit returned, marched into the church compound in full battle formation and detained a parish worker without a warrant.

As soon as he heard what had happened, Father Gore, who has been a missionary priest in Negros Occidental for the past 14 years and speaks the local dialect, went to Lieutenant Gallo's command post, about 7 kms from Oringao, and demanded an explanation.

According to the Australian priest, Lieutenant Gallo threw a folder of documents on the ground, placed a hand grenade on top and said they had been seized in the raid on the parish house the previous evening. Some bullets were later added to the pile of "evidence" and the documents were described as subversive.

The following month, October 1982, when Father Gore was charged with illegal possession of explosives and ammunition, it was alleged that the hand grenade and bullets had been found on top of a filing cabinet in his office.

At the same time, he and six of his Filipino lay workers were charged with inciting rebellion.

Both cases are still under preliminary investigation before a civil court.

The military followed them with even more serious charges. Last May, local security authorities and the district attorney charged Father Gore, Irish priest Niall O'Brien — like the Australian, a Columban missionary — Filipino priest Vicente Dungan and the same six lay workers with complicity in an ambush slaying of a town mayor and four companions, two of them policemen.

Father Gore maintains that all the charges against him are trumped up and intended to besmirch and curtail the work he and the other accused were doing in organising poor parishioners into Basic Christian Communities, partly to encourage them to stand up for their rights against abuses of power by landowners, officials, politicians and some members of the armed forces assigned to the province to hunt members of the outlawed communist movement and its military wing, the New People's Army.

Not long after his confrontation with Father Gore, Lieutenant Gallo was transferred to a neighboring island.

Monsignor Antonio Fortich, the bishop in charge of Negros Occidental, said that after the unit left, the mother of a young man, Carlos Orchida, who was allegedly taken

away by Lieutenant Gallo's men one day and never seen again, got her relatives and friends to search the grounds of the makeshift barracks.

Bishop Fortich said they had discovered his body with a wooden stake, which had apparently been used to beat him to death, beside it. The bishop said the young man's hands had been tied and "his skull was split nearly in two. Some ribs were broken."

Mrs Orchida said that before Lieutenant Gallo had left the area, she had asked him about her son's fate. He replied that the youth — arrested as a suspected communist sympathizer — might have collapsed while being questioned.

In November 1962, Bishop Fortich accused a special anti-communist task force operating in the southern sector of Negros Occidental since the second half of 1961 of killing about 100 civilians. Lieutenant Gallo's unit was part of that force.

The bishop said the task force appeared to be a liquidation squad. People were constantly disappearing and it was getting worse.

The normal procedure was for the military to come to a village and ask to borrow one or more of the

men because they needed their assistance.

"Usually, that's the last time they're seen alive. Either they are discovered in a shallow grave or their bodies are simply dumped on the side of the road."

Bishop Fortich said that for every murder documented with the help of priests and lay workers, probably two or three went unreported because people were too afraid to speak out.

He said many families in hinterland of Negros Occidental had been forced to flee their farms and seek protection in nearby towns. More and more were turning to the communists for protection, he said.

In March last year, Lieutenant Gallo was one of four military witnesses who testified at a deportation hearing against Father Gore in Manila. The deportation case was suspended until the court cases against the Australian priest were resolved.

Last Friday, Bishop Fortich, Father Gore and several other sources in Bacolod told me that Mariano Gallo was back in the province. He had been promoted to captain and was commanding Alpha company of the Philippine Army's seventh infantry battalion

in an area not far from where he had been assigned before.

Lawyers handling Father Gore's case said no case had been filed against Captain Gallo by Carlos Orchida's relatives. But the young man's mother had filed against two soldiers in his patrol unit nine months ago. However, the lower court judge had not yet set a date for a preliminary investigation.

Bishop Fortich said after strong and persistent complaints to the Defence Ministry and the Government of President Marcos in Manila, three generals had been sent down to Negros Occidental to investigate complaints about the behavior of the task force.

He said two or three months ago, both units were transferred elsewhere in the Philippines and the 7th infantry battalion, with Captain Gallo as one of its company commanders, brought in to replace them.

Of Captain Gallo's appointment, the bishop said "I have some concern about that. But it seems he is quite cautious now."

"So far no untoward incident has occurred. However we are watching whether he has really reformed or not."

SECULAR, CIVIL LEADERS APPEAL FOR GENERAL AMNESTY

HK101459 Manila BULLETIN TODAY in English 10 Feb 84 pp 1, 11

[Text] Eight bishops, six former senators, members of the Aquino family, and 114 other leaders of sectoral and civic organizations have appealed for a grant of general amnesty to all political offenders, including the release of prisoners.

Former Sen Ernesto C. Maceda has also asked the president to grant general amnesty to all Filipinos in self-exile abroad so they can come home and join the Batasan elections in May.

In a public appeal for general amnesty, the signatories said the demand "is a necessary first concrete step" that will "heal the wounds of discord and dissatisfaction in our body politic."

The appeal said the best concept of national security for the nation "is a united people, working together and making the sacrifices necessary to overcome the present crisis and bring about a better quality of life" for all.

The petitioners said a general amnesty without conditions which may humiliate the grantees, that does not discriminate against anyone, and is a sincere gesture of seeking to work together for democracy, peace and progress, would be an act of the highest statesmanship.

The 131 petitioners include Bishops Jaime Cardinal Sin, Felix Perez, Patrick Cronin, Antonio Fortich, Jesus Varela, Ben Dominguez, Erme Camba and Antonio Nepomuceno;

Former Senators Lorenzo M. Tanada, Jose W. Diokno, Salvador H. Laurel, Eva Estrada-Kalaw, Tecla San Andres Ziga and Ambroisio Padilla;

Former 1971 Constitutional Convention Vice President Abraham F. Sarmiento, delegate Teofisto Guingona, Francisco Tatad, Salvador P. Lopez, Abdul Khayr Alonto of the Muslim Federal Party;

Dona Aurora Aquino, Cory C. Aquino, Agapito "Butz" Aquino, Margarita "Ting-Ting" Cojuangco, former Supreme Court Justice Celilia Munoz Palma, film director Lino Brocka;

Lawyers Raul Gonzales of the National Bar Association, Augusto Sanchez and Rene V. Saguisag of Mabini, Joey Lina of the Alliance of Metropolitan Associations, Mariano Quesada, Namfrel national secretary-general.

Fr Louie Hechanova, of the Association of Major Religious Superiors (Men) of the Philippines; Marichu Lambino, national president of the College Editors Guild of the Philippines; Loretta Ann Rosales, president of the Alliance of Concerned Teachers; Elmer Mercado, president of the League of Filipino Students; and several university professors, writers and members of the Concerned Artists of the Philippines and the Kilusang Mayo Uno.

CSO: 4200/490

PHILIPPINES

CPP ORGAN ON GROWTH, STRATEGY OF NPA

Manila THE MANILA PAPER in English 24-30 Jan 84 pp 1, 3

[Text] Manila (AFP)--The Communist New People's Army (NPA) has grown to 20,000 full-time and part-time guerrillas operating in 53 Philippine provinces, from a puny strength of 50 guerrillas in 1968-69, according to a Communist publication.

The NPA, the military arm of the Communist Party of the Philippines (CPP), is also spread over 45 guerrilla fronts, compared to only two in 1968-69, while the party membership has grown from 100 to 30,000, said Ang Bayan, (THE NATION), the CPP official organ.

The December issue of Ang Bayan, however, admitted that the NPA "still lacks sufficient strength to overthrow the fascist dictatorship" of President Ferdinand Marcos "and established a revolutionary coalition government in the next few years."

The "people's war" in the Philippines, the publication stated, "had entered the advanced substage of the strategic defensive," meaning that Communist guerrillas expect to reach an intermediate stage soon prior to switching to the "strategic offensive."

Ang Bayan also revealed that "empiricism has been the dominant erroneous ideological trend for sometime" of NPA revolutionaries because of "lack of readings" in the Philippine languages of the classics by Marx, Engels, Lenin, Stalin and Mao.

It did not state how this erroneous trend would be corrected aside from mentioning that the "Predominant erroneous trend" before was that of dogmatism.

From "zero" regional party organization in 1968-69, these organizations grew to 17 in 1983, while towns covered by NPA activity mounted from 7 to 530 during the same period.

The presence of NPA guerrillas in 53 provinces means that Communist guerrillas are active in the overwhelming majority of Philippine provinces, which total 73. Ang Bayan said that in 1968-69, they operated in only two provinces. The NPA took over from the Communist Huks, which rampaged over Central Luzon in the late 1940's and early 1950's, but were eventually crushed by the Armed Forces of the Philippines, particularly during the presidency of Ramon Magsaysay.

MARCOS IN-LAW URGES FIRST FAMILY RESIGNATION

Manila THE MANILA PAPER in English 24-30 Jan 84 pp 1, 7

[Text] Manila, Philippines (AP)—The father-in-law of President Ferdinand Marcos' daughter, Irene, wants Marcos and his politically powerful wife, Imelda, to resign, charging in a newspaper interview that the President was a "consistently inconsistent leader who does not keep his word" and has "messed up the economy."

The daily newspaper, BUSINESS DAY, also reported Luis Araneta as calling for a boycott of parliamentary elections in May because they were "another trap to assure the Marcoses of power and control over the Filipino people."

Describing Mrs Marcos, who is governor of Manila, a member of the Assembly and Minister of Human Settlements, as "more ambitious" than the President, Araneta said.

"Marcos can take just a little more time, but Imelda must step down immediately" because "ambition can become an all consuming desire to possess power," he said.

The paper said it interviewed Araneta, a wealthy businessman and one of the Philippines' biggest real estate developers, in a suburban Manila hospital, where he was undergoing treatment for an undisclosed ailment.

Asked to comment on what Marcos described as a "covenant with the people" when he rejected earlier opposition demands for his resignation, Araneta replied, "What kind of a covenant is that?"

The daily quoted the businessman as saying Marcos did not consult Filipinos when he began eight years of martial law in 1972 and cancelled presidential elections scheduled the next year.

Marcos, who was elected to his first four-year term at the end of 1965, was disqualified to run for a third time by the constitution, which he replaced with a new one in 1973. He won his current six-year term in a 1981 presidential election boycotted by major opposition parties and described as "a farce" by Araneta.

Stating that free elections are not possible under what he called Marcos's one-man rule, Araneta said Marcos "made a covenant with himself."

"Marcos failed to live up to his part of the agreement, if he believes there was an agreement," Araneta was quoted as adding. "He offered us economic prosperity. He said he would replace chaos with order. Where is that economic prosperity?"

"If anything, he messed up the economy, with the help of his friends who have become very powerful persons in their own right. For these reasons alone, Marcos should resign. He has failed miserably as a leader."

The paper reported Araneta as calling on the rich to launch a civil disobedience movement by not paying taxes. "It is time that the rich get their guts back," Araneta said. "It is time that they do something for the Filipino people."

Araneta, however, praised his daughter-in-law as a "sweet and kind" person whom he loves.

CSO: 4200/498

MARCOS CRITIC BARRED FROM CEBU RADIO

Manila THE MANILA PAPER in English 24-30 Jan 84 p 8

[Text] Cebu City, Philippines (AP)--A local radio commentator harshly critical of President Ferdinand Marcos and First Lady Imelda Marcos has been barred from making his daily morning broadcasts, the commentator and his station's manager said.

Miguel Enriquez said the manager of the local radio station DYFX told him he could no longer go on the air when he arrived there Sunday morning to begin his 15-day-old, 90-minute program "People's Last Resort."

"Another case of suppression of press freedom," said former Congressman Antonio Cuenco, a prominent political opposition leader in Cebu.

It was the fourth time since last May that as many radio stations in Cebu had stopped Enriquez's programs under what the commentator and Cuenco claim to be government pressure from Manila.

Enriquez, who buys his airtime, often denounced Marcos on the air as a dictator and his government as inefficient and corrupt.

Sammy Valid, DYFX station manager, said the order to stop Enriquez's program had come from the Manila head office of the Eagle Broadcasting Corp. owned by a religious sect whose head is a known close friend of Marcos.

Valid said he had received three earlier orders from his Manila superiors but managed, until Sunday, to convince them to allow Enriquez to continue the program. He did not say what reasons he was given to stop the program.

CSO: 4200/498

SUBVERSION CHARGES AGAINST NETHERLANDS PRIEST DROPPED

Manila PHILIPPINES DAILY EXPRESS in English 21 Jan 84 p 7

[Text] **BAYOMBONG, Nueva Vizcaya, Jan. 20** Charges of subversion against a Dutch priest and a lay worker were dropped yesterday by the regional trial court here for insufficiency of evidence.

However, similar charges against three of their companions, including a Belgian priest who is the principal accused, are still pending in the court.

The charges against Fr. Herman Sandenik, parish priest of Diffun, Quirino, and Felimon Alunday, an apostolic worker in Villaverde, Nueva Vizcaya, were dropped on

the recommendation of the special prosecuting fiscal who found the charges without basis.

STILL PENDING in the sala of Executive Judge Novato T. Cajamal are the charges against Fr. Theodore Bandsina, Cynthia Ting and Marissa Bursabal.

The subversion cases were filed after the five were arrested during a raid conducted by the PC last August while they were having a live-in seminar at the Fr. Villaverde Catholic rectory in Villaverde.

The PC reportedly seized from the group subversive documents.

CSO: 4200/450

AGRICULTURE MINISTER REPORTS NEW PROGRAMS

Manila BULLETIN TODAY in English 22 Jan 84 p 12

[Text]

Agriculture Minister Arturo R. Tanco Jr. yesterday said the agriculture sector has proven to be the sanctuary from the economic typhoon besetting the country because of its vast capability for domestic production of vital food crops.

Speaking before participants of the Agri-business Development Strategies for the Philippines, Tanco said the country's shift to agri-business has considerably eased economic standing through expansion of food exports.

For instance, he said, yellow corn production is expected to decrease by 50 per cent the country's dependence on imports of the grain from 500,000 metric tons in 1983 to only 250,000 mt this year.

Subsequently, Tanco predicted, by 1985, self-sufficiency in yellow corn may be achieved, and in 1986 or 1987, the country may finally be exporting the grain to de-

veloped countries like the United States, Korea, Taiwan and Japan.

Tanco revealed that the Philippines hold the advantage of proximity to Japan, which imports one and a half billion metric tons of yellow corn annually from the United States, and is therefore a potential market.

"If we capture only 200,000 metric tons of this market from Japan, this could mean an export income of \$200 million."

In the same speech, the agriculture minister revealed a two-pronged strategy for agricultural development this year.

The first priority, Tanco said, is to fill up production shortages in food, such as beef and milk.

"Ironically, we produce only 60 per cent of our beef requirements which should be more because cattle feed only on grass and do not require imported feedgrains," Tanco said.

For milk, the target is to meet at least 20

per cent of local demand, enough to supply the country's needs in case problems develop from milk imports, Tanco said.

The second priority, according to Tanco is to produce more of traditional export crops like sugar and coconut.

It is ironic that despite the fact that the Philippines is one of the major coconut exporters in the world, the country's production is still below the world average yield per coconut tree.

Despite this, Tanco added that the country remains one of the biggest fruit exporters in the world, saying that two out of five cans of pineapple that go in to the United States come from the Philippines.

Similarly, he said, bananas continue to capture 80 per cent of Japanese demand for the fruit.

He also said solo papayas now face brighter prospects in the export market, especially, Japan which now imports the fruit from Hawaii.

DIOKNO OUTLINES SOLUTION TO DEBT AT PUBLIC FORUM

Manila BULLETIN TODAY in English 22 Jan 84 p 12

[Article by Leo P. Gonzaga in the "Business Forum" column: "Diokno Formula"]

[Text] Under the formula which, former Senator Jose W. Diokno claims, will get us out of the present debt trap, the country will pay its international creditors only a certain percentage of certain foreign exchange receipts every year. "No more than that," he told the Foreign Correspondents Club of the Philippines in a recent free-wheeling conference.

In one way, his formula is similar to that of the Central Bank (CB) which also limits the debt service, but with the percentage specified at a maximum of 20 per cent in any given year. The difference is that while the unspecified portion in the Diokno formula is based on foreign exchange receipts from exportation of goods and services alone, the basis of the 20 per cent in the CB formula is wider, very much wider, i.e., export earnings, tourism revenues, other non-trade earnings plus, and this is significant, certain foreign loans.

With such a definition of "foreign exchange receipts," the debt service denominator has become so inflated that our ability to pay our international creditors has become dependent on our ability to borrow from them instead of vice-versa. This has been pointed out by the "Kilusan ng mga Nagmamahal sa Pilipinas" and amplified by economist Jose Fernandez.

Will the International Monetary Fund (IMF), World Bank (WB) and foreign commercial banks accept the Diokno formula? The former senator did not sound very positive in his talk with the

correspondents, but he pointed out that the international creditors have done so in the case of Puerto Rico. "We will have to talk to them (the creditors) with our cards on the table," said Mr. Diokno, no doubt referring to the need for accurate reporting of our international reserves, net domestic assets, other indicators.

It is perhaps significant to note that the WB computation of our debt service ratio is based on current account receipts in the current year. The CB computation, on the other hand, is based on current account plus capital account receipts in the immediately preceding year. Thus, their figure almost always vary. In one recent year, for example, CB was insisting that our debt ratio was within the ceiling, whereas WB was already reporting from 25 to 26 per cent.

Our officials admit that there are indeed differences in the way the ratio is computed, but they claim that one way is not necessarily better than the other. We can only surmise that the WB would not have fallen into the trap had we taken the WB figures as early warning signals.

In making the proposal, ex-Senator Diokno told the correspondents that it was one example of alternative economic plans and programs offered by the legitimate opposition. Whatever his dislike of the IMF-WB imposition of loan conditions on borrowers, Mr. Diokno now finds himself agreeing with the World Bank instead of the Central Bank, at least in the way we should service our external debt.

ILOCOS NORTE BATASAN ASPIRANTS REPORTED

Manila BULLETIN TODAY in English 22 Jan 84 p 6

[Column by Jesus Bigornia: "Batasan Bets in Ilocos Norte Mending Fences"]

[Excerpt]

A report claiming Ilocos Norte Gov. Ferdinand "Bongbong" Marcos may not, after all, stand for the Batasang Pambansa has galvanized aspirants in that province into mending long neglected political fences. Along the political grapevine stretching all the way from Malacanang to Laoag, the message was: President Marcos is setting an example for other leaders in the ruling Kilusang Bagong Lipunan (KBL) against fostering political dynasties. The President has more than once made known his aversion to administration party bigwigs' espousing election bids of sons and close relatives. Young Mr. Marcos will either remain nailed in Laoag or administer Ilocos Norte affairs by long distance from Manila.

Three names — Antonio Raquiza, Simeon Valdez and Roque Ablan — bob up during any discussion of KBL politics in Ilocos Norte. All have served in the defunct House of Representatives. Through martial rule, they have conserved somehow

their respective political followings. In token of their political potency, Raquiza is a member of the interim Batasang Pambansa, while Ablan is the senior member of the Ilocos Norte Sangguniang Panlalawigan (provincial board). While former Rep. Valdez had temporarily retired into business, reports hold that he still has quite a following in Ilocos Norte's second district, the President's bailiwick.

Critics hold that Assemblyman Raquiza is getting on in years and may not have the vigor to perform the functions and duties of a Batasan member for a full term. A veteran political warhorse, Raquiza has surprised, even confounded, political rivals with his vitality during no-holds barred campaigns. Board Member Ablan may have an edge over his two rivals. He has youth on his side. Moreover, he has stuck to homebase while other Ilocos Norte politicians stayed in Manila. Indeed, with the President's heir effectively out of contention, the three-cornered intramural KBL race for seats in the Batasan should be a spectacle worth watching.

LABOR MINISTER ORDERS LAY-OFF CENSUS, VIEWS OVERSEAS JOBS

Manila BULLETIN TODAY in English 22 Jan 84 pp 1, 5

[Text]

Labor and Employment Minister Blas F. Ople directed the Philippine Overseas Employment Administration (POEA) yesterday to undertake a census of laid-off industrial workers with special skills and organize them into "skills packages" for overseas jobs.

Ople made the announcement in a speech before the Pasay Rotary Club in which he discussed the package of measures being taken by the government to alleviate the plight of laid-off workers.

The labor minister said the Ministry of Labor and Employment (MOLE) is also expanding its network of employment offices to match skills and jobs for domestic or overseas employment.

He said he expects President Marcos to approve a request for P10 million

required to strengthen the job exchanges in the major labor market areas.

Ople said the POEA is expected to approve several proposals already received from foreign employers to use certain classes of laid-off workers, especially specialists in diesel engines and automotive assembly who are in great demand in Malaysia and Saudi Arabia.

At the same time, Ople said the Employees Compensation Commission favors the immediate relaxation of rules and procedures for granting the three-month emergency unemployment loans from P300 million allocated by the State Insurance Fund under the administration of the Social Security System.

The present rules are considered too stringent by the workers, Ople said.

Ople also announced that the Employees Compensation Commission, which he heads, has approved a resolution requesting the Government Service Insurance System (GSIS) to extend the same assistance to government temporary and casual workers who get laid off because of budgetary cuts.

The minister said the regional labor center in Jeddah and other labor attache posts world-wide have been instructed to check immediately on the demand for skills which can be met through "ready-to-leave pools" consisting of laid-off workers.

In another development, Ople said the garments and electronic industries have started recalling previously laid-off workers or adding to their work forces because of the demand for their products overseas under the spur of the economic recovery in the United States, Germany, and Japan.

CSO: 4200/450

MARCOS VIEWS LIFTING LOG EXPORT BAN

Manila BULLETIN TODAY in English 22 Jan 84 pp 1, 5

[Article by Willie Ng]

[Text]

President Marcos said yesterday the government would reconsider the partial ban on log exports with a view to increasing the present volume while taking into account the ecological balance.

The President, who had imposed a partial ban on log exports to save the country's forests, recently told exporters "there would be a restudy of all these because of present developments."

Wood exports hit \$500 million in 1979, before the ban took effect.

Last year, wood exports totalled only \$247 million — \$60 million for logs and \$187 million for processed products such as plywood and veneer.

The President said the reason for the partial ban in the past years was illegal logging which had adversely affected the ecology of many regions.

Overcutting of trees had brought on droughts and floods all over the country.

He said "experts have insisted that we have overcut timber lands and even selective logging has not succeeded in holding it back." Scientists were bitter that "we think only in terms of today's income and not of tomorrow's survival," he added.

He called this "one of the Zero Sum principles where no matter where you turn, you are liable to get burned."

Nonetheless, he said, the government would review selective logging in parts of Mindanao, Samar, and Palawan.

On the deforestation problem, he noted that "there are no more trees in Mt. Apo where eagles used to fly." Mt. Apo, located in Davao, is the nation's highest mountain.

In a recent talk with the President and Central

Bank Gov. Jose B. Fernandez, exporters wanted an increase in log exports to cover an "export target" for this year amounting to \$500 million.

They said processed products could go up to \$250 million and log exports could also reach \$250 million. This would mean that 2.3 million cubic meters of logs would be exported.

The loggers said this would be within the log production ceiling of 5.5 million cubic meters, the average log production in the last five years.

They claimed this would cover export requirements and also domestic consumption estimated at two to three million cubic meters, if taken from a projection of an annual 20 per cent increase.

The rest of the logs could be used for processed products, they said.

COLUMNIST ON ASEAN-AUSTRALIA ROW, NONINTERVENTION

Manila BULLETIN TODAY in English 21 Jan 84 p 4

[Column by Benedicto David: "Sorry for the Spat!"]

[Text]

The red-faced Association of Southeast Asian Nations (ASEAN) has finally regained its senses and its marbles and has welcomed Australia back with open arms.

The spat was occasioned by Australia's refusal to swallow the line espoused by the ASEAN with regard to Vietnam and that country's role in the region, particularly with regard to Kampuchea.

We are happy to note that it was the ASEAN states and not Australia which offered to resume relations as they were before. This is something we have been urging on the ASEAN since that ill-warranted split with Australia.

It is a fact that although each side needs the other, Australia is needed more by the ASEAN nations than the other way around.

The ASEAN nations need Australia not only as a market for their goods, but as a source of more sophisticated goods and for technology. Australia needs the ASEAN states as a market and as a source of raw materials. The relationship is symbiotic and is onerous to neither side, which is why we were so appalled when the ASEAN nations turned their collective backs on a friend and partner because of differences over some other state. We do hope that that is the last we will hear of any split between the ASEAN and Australia. We are in favor of the relationship because it is one of equality. Neither side can dangle existence itself as a come-on to the other.

Perhaps this relationship can serve as some sort of model for other relationships we have in the area.

At the moment, we are involved in an ideological war with Vietnam and are embroiled in the Kampuchean affair. Why should we be involved in an ideological battle at all? After all, we have relationships with Vietnam, China, and the Soviet Union — and we are not engaged in any ideological battle with them. Or are we simply being used as a cat's paw by a major power?

It would seem that we should not have any quarrel with Vietnam at this point because we do not agree with her position with regard to Kampuchea. We have not kicked up any fuss over Afghanistan nor have we threatened any action against the Soviet Union for having invaded Afghanistan. We have not taken any position adverse to the United States either for its role in the Grenada invasion and in meddling in the internal affairs of that tiny island state. Nor have we been indignant that the United States is financing anti-Sandinista groups in Nicaragua and the government of El Salvador against the leftist guerrillas.

Since we are not prepared to use one yardstick on these incidents and situations, may we suggest that we simply keep our collective traps shut lest we suffer another embarrassment by being called to task for using different yardsticks for different bolts of cloth?

MNLF VIOLENCE CLAIMS 18 DURING JANUARY

Manila BULLETIN TODAY in English 21 Jan 84 pp 1, 6

[Article by Tony Pe. Rimando]

[Text] Eighteen persons, including nine civilians, were killed in four separate shooting incidents in Mindanao, it was reported yesterday.

Five of the nine civilians were killed by MNLF men who fired on a house in barangay Languanan, Carmen, North Cotabato, last Jan. 11.

The victims were identified as Santul Tulasi, 42; Kalimat Mundog, 60; Salid Mundog, 34; Saleya Mundog, 36; and Sulaya Mundog, 2.

The four other civilians were killed when MNLF men shot up a house in barangay Bato, Makilala, North Cotabato, last Jan. 12.

They were identified as Daniel Inanglaan, 24; Ambrosio Taligtig, 19; Deding Dawag, 29; and Aida Inanglaan, 42.

Camp Aguinaldo said the five rebels were killed in an encounter with gov-

ernment troops in barangay Bararay, Lumba, Bayabao, Lanao del Sur, last Jan. 16.

Three of the slain rebels were identified as Sanny Gelo, Kumander Kirayatan, and Kumander Makalawan.

Four soldiers were wounded in the encounter, Camp Aguinaldo said.

PAGADIAN CITY —

Four members of the Integrated Civilian Home Defense Force (ICHDF) were killed and three others were wounded seriously when two groups of militiamen engaged in a 10-minute gunfight recently in barangay Kasigpitan, in the island town of Dolutanga, Zamboanga del Sur, it was learned here yesterday.

An unidentified woman who was hit by a stray bullet was also killed during the shooting near the barangay market.

Col. Romeo Abendan, provincial commander, identified the slain militiamen as Abdul Tayasadi, 28, married; Abidul Abdurajak, 30, married; Pakil Jailani, 25, married, and certain Appel.

The gunfight was believed to be caused by personal misunderstanding.

Meanwhile, a Zamboanga del Sur businessman and a Pagadian City engineers' office employee were liquidated recently by armed men believed to be members of the New People's Army.

Maximo Caminali, 43, was shot while driving toward Midaalip. He was believed liquidated for his refusal to give assistance to the NPA.

The Pagadian City employee, Lorenzo Palaga, 32, was gunned down while working alone at barangay Napulan.

CSO: 4200/450

AGRAVA BOARD TO CALL FIRST LADY, OTHER BUSINESS REPORTED

Manila BULLETIN TODAY in English 21 Jan 84 pp 1, 6

[Article by Rey G. Panaligan]

[Text]

The First Lady and Human Settlements Minister Imelda Romualdez Marcos will be asked to testify on the assassination of former Sen. Benigno S. Aquino Jr., the Agrava fact-finding board said yesterday.

"We cannot avoid calling the First Lady because of testimonies presented to the board by some witnesses," General Counsel Dean Andres R. Narvasa said.

Narvasa was referring to testimonies on the alleged meeting of Mrs. Marcos with Aquino in New York and published reports quoting her as saying that threats to the former senator's life may also come from persons loyal to the Marcoses.

The First Lady has the option either to tes-

tify in a public hearing or in a closed-door session, Narvasa said. Under the decree which created the board, witnesses may testify publicly or privately.

Other developments:

1. The board conducted its first open forum yesterday when the scheduled witness, detained Communist Party of the Philippines chairman Jose Ma. Sison, failed to appear.

The board denied the military's request to have Sison testify elsewhere for "security reasons."

2. President Marcos denied anew a motion to inhibit Chairman Corason Julianio Agrava from

the proceedings of the fact-finding board for alleged partiality.

3. The board said it will accept financial assistance from the public "as long as these are given

voluntarily without any condition."

Agrava said that contributions "should be given in the concept of a desire on the part of the people to be involved, and to assist and support the board in its very difficult mission."

After hearing 62 witnesses, 30 of them from the military, in 39 public hearings, the board decided to hold its first "dialogue with the public."

Asked what the board will do with its findings and recommendations, Agrava said "our findings and recommendations will be made public and a copy will be submitted to the President."

Asked if the President can dissolve the board, Board Member Luciano Salazar said that since it was the President who created the board, he can dissolve it anytime. "But we feel the President will not do that," Salazar said.

Sison, who had denied Rosendo Cawigan's testi-

mony that it was the New People's Army (NPA) that ordered Aquino killed, failed to appear because of "security reasons." The subpoena for Sison to appear before the board was issued through Defense Minister Juan Ponce Enrile.

There were reports that the military did not allow Sison's appearance before the board for fear that the CPP leader may be "waylaid."

"There is only one person we are holding responsible for Sison," Agrava said. She did not name the person.

In denying the motion to inhibit Agrava from board proceedings, the President said:

"It is for the public interest that the investigation of the Aquino killing be expedited in order to ferret out the truth. Such investigation must be free from unnecessary hindrances and from any outside influence whatsoever."

HEALTH MISSION AMBUSHED, FIVE KILLED

Manila BULLETIN TODAY in English 22 Jan 84 pp 1, 5

[Article by T. P. Rimando]

[Text]

PAGADIAN CITY — Five members of a Zamboanga del Sur medical mission, on its way to treat sick mountain children in San Pablo town, were killed when the group was ambushed yesterday morning by heavily armed

men believed to be members of the New People's Army (NPA).

Five other members of the mission were wounded seriously.

Col. Romeo Abendan, provincial commander and police superintendent, identified the fatalities as Phoebe Salutas, 28, a public health nurse assigned in San Pablo; Deogracias Romero, 43, San Pablo municipal secretary; Florante Alburo, 22, son of Mayor Baltazar Alburo and municipal Kabataang Barangay federation president; and militiamen Juanito Arnaldo, 30, and Quirino Sardual, 43.

They all died on the spot.

Abendan identified four of the wounded as Marites Alburo, 26, a midwife; Junior Abanales, 32, a municipal health employee; and civilian home

defense force members Cesar Canalita, 33, and Geronimo Caparino, 40.

They were taken to the Zamboanga del Sur provincial hospital in this city.

The victims were riding on a vehicle owned by Mayor Alburo and driven by his son Florante. It was negotiating an uphill road at barangay Upper Pandan when the ambushers hiding behind big boulders fired at them.

The armed men took away the firearms of the wounded militiamen.

Meanwhile, Lt. Col. Roger Gadian, 36, commanding officer of the Army's 39th Infantry battalion stationed in Libak, Sultan Kudarat, was reported shot dead yesterday by an unidentified armed man, a message received by the regional unified command (RUC) 12 said.

PHILIPPINES

BRIEFS

FOREST PRODUCTIVITY DRIVE--The president and the first lady launched today the Sariling Sikap productivity program at the University of Life in Pasig, Metro Manila. It signalled the start of the people's forest program, a major component of Sariling Sikap. The program aims at the productive utilization of some 10 to 15 million hectares of the country's logged-over and denuded forest lands. Initially some 1,000 hectares will be developed in each province. The president said, the Sariling Sikap program is designed to answer the country's needs through self-help. [Excerpt] [HK140411 Quezon City Maharlika Broadcasting System in English 0400 GMT 14 Feb 84]

YOUTH GROUP SUPPORTS BOYCOTT--"Batan-ong Nagkahiusang Tumong" (BANAT) of Mandaue, has united in order to boycott this year's coming plebiscite and election because it is seen that there is no end to military atrocity, economic crisis and it is a mere propaganda of the administration which does not in any way solve the problems of our country. Aside from these there are no clean and honest plebiscite and elections under the US-Marcos dictatorship. Boycott defends the sacred ballot. Therefore, continue the militant struggle of the people in a peaceful way so that Marcos will be forced to resign and there and then create a coalition government to be represented by the different sectors of society. [Text] [Cebu City THE VISAYAN HERALD in English 14 Jan 84 p 10]

CSO: 4200/450

SINGAPORE URGED TO CRACK DOWN ON TIN SMUGGLERS

Melbourne THE AGE in English 19 Jan 84 p 16

[Article by Michael Richardson]

[Text]

AUSTRALIA has joined the world's leading tin producers in urging Singapore to cooperate in a crackdown on rampant smuggling of the metal.

Producers — which include Indonesia, Malaysia and Thailand, three of Singapore's close neighbors and partners in the Association of South East Asian Nations (ASEAN) — say exports of smuggled tin refined in Singapore are undermining attempts to restrict supplies to the world market, where prices have sagged because of a tin glut.

The criticism of Singapore emerged after a meeting in Kuala Lumpur last weekend of the recently formed Association of Tin Producing Countries.

The Association has seven members — Australia, Bolivia, Nigeria and Zaïre as well as the three ASEAN governments. To-

gether they account for more than 90 per cent of world tin output.

The group was formed last year, largely on the initiative of Malaysia, to supplement the International Tin Agreement and help maintain stable prices, intensify research and development and promote tin marketing. The ITA and its International Tin Council bring together both tin consumers and producers.

Malaysia's Primary Industries Minister, Datuk Paul Leong, said the outlook for the metal wasn't bright because there was "a huge surplus of tin overhanging the market".

He put the surplus in the Tin Council's buffer stock and elsewhere at about 80,000 metric tons, approximately half present world consumption.

Since 1982, ITA producer members have agreed to accept quotas on output. But they charge that

the program is being jeopardised by smugglers who evade royalties, duties and export quotas by sending tin ore to non-producing countries such as Singapore.

The ITC and other organisations have estimated that more than 16,000 tonnes of Asian tin found its way onto the international market in the year to the end of last July. That is equivalent to about one eighth of world quota supplies of 125,000 tonnes in 1983.

In the past six months Malaysia, Indonesia and Thailand have taken steps to curb tin ore smuggling from their territory. They are now putting pressure on Singapore — which has signed the International Tin Agreement — to do the same.

It is not the first time the matter has been raised with the Singapore Government and the issue has caused a low-key but nonetheless real dispute within ASEAN.

Both Indonesia's President Suharto and Malaysia's Prime Minister, Dr Mahathir, felt sufficiently strongly about the subject to raise it with Singapore's leader, Mr Lee Kuan Yew, on recent visits here.

Indonesia's official Antara news agency reported after President Suharto's talks here last month that the two leaders agreed to clear up the situation. But it quoted Mr Lee as saying it would not be easy because Singapore's tin processing industry was in private hands.

Singapore's stock answer in the past has been that as a free-market economy with almost no restrictions on imports or exports, it cannot control tin-smelting and trading activities.

But the growing political pressure may change this laissez faire attitude. Datuk Leong said the Tin Producers Association wanted Singapore's "fullest cooperation"

in efforts to curb tin smuggling in South East Asia.

He said Singapore would be frustrating producers' efforts if it continued to allow the re-export to consumers of smuggled tin in concentrate or ingot form.

Singapore's sole smelter, Kimetal Pte Ltd, is believed to obtain supplies of smuggled tin mainly by sea from southern Thailand.

Australia and other producers are reported to want the Singapore Government to restrict exports from Kimetal.

Datuk Leong said the smelter produced about 4000 tons of tin metal a year, which was worth more than \$A50 million.

After noting that Singapore was not a tin producer itself, he added: "The question is how do they receive supplies of tin ore in order to smelt 4000 tonnes a year?"

COMMUNIST SETBACKS FORCE CHANGE OF TACTICS

Copenhagen INFORMATION in Danish 17 Jan 84 p 2

/Commentary by Bertil Lintner: "Thailand Communists Go From Town to Town: The Greatly Reduced Communist Party Changes Strategy"

/Text/ Bangkok, January. During a great ceremony which almost took on carnival dimensions, approximately 5,000 communist guerrillas, their families and other civilians who have lived under communist control in the Nan province in the northern part of Thailand, recently surrendered. The commander in chief of the Thai Army, Gen Arhit Kamlang-ek, was present and received a delegation under the leadership of "Comrade Nom," the leader up till now of Thailand's Communist Party, zone 4 at the border of Laos.

The ceremony was the latest of many similar surrender arrangements organized by the military authorities. It is assumed that under the communist party /TKR/, the armed forces have dropped from an all time high of 12,000 men in 1978 to 2,000 today. This puts the formerly very successful party in the same category of small guerrilla groups such as CPB /Communist Party of Malaya/ and the numerous nationalist armies that operate in the border regions of Burma.

Reorganization

But in the middle of the victory ecstasy expressed by the ruling government in Bangkok under Prem Tinsulanonda, the question has already been raised whether it is not far too early to talk about a definite and irrevocable setback where the TKP /CPT/ is concerned. The crux of the matter is how in fact that communist movement in Thailand should be defined. After all, it does not only consist of TKP's guerrilla army; it is the party itself and the various front and mass organizations in which the party members are active. Even if the number of armed guerrillas has decreased greatly in recent years, the party's infrastructure is to a great extent intact. Many political observers here in Bangkok think that after the latest mass defection, the TKP is in a period of reorganization and consolidation.

The fourth congress of the TKP which was held in great secrecy in many different places around the country in the beginning of 1982 became a showdown between the party's old, orthodox Marxist stalwarts and the younger more progressive cadres.

The disagreements evolved principally around six points:

The party's analysis of the Thai society. The orthodox members stood firmly by their description of Thailand as a half-feudal and half-colonial society while the progressives maintained that the country must now be characterized as a half-colonial capitalistic country.

The question of the revolutionary tactics. The progressives want to put the main emphasis on mass mobilization around specific issues--the old stalwarts maintained that the armed fighting continues to be the most important element in the party's work despite the surrenders.

The revolutionary theory. The old members defended Marxist-Leninism like an instant replay in the classical Chinese style while the younger members felt that the revolutionary theory had to be adapted to the particular Thai conditions. In other words, conditions for Thai "Eurocommunism."

Relations with the border parties in the region. The orthodox faction only wants to maintain connections with parties that hold the same Maoist views, while the younger members pleaded for an extension of the contact net to also include the leftist organizations to a more general degree.

The question of who should lead the revolution. The party, of course, said the orthodox faction. The party as a member organization on a wider front, maintained the younger members.

The question of the party's internal organization. Not surprisingly, the dividing lines on this issue were between various interpretations of the principle of democratic centralism. The younger activists criticized the leadership for being authoritative and for attempting to suppress necessary discussions within the party.

TKP's fourth congress was a definite victory for the old stalwarts and only a few months later two of the opposition's leading figures defected. One was politbureau member Udom Sisuwan, former chairman of TKP's front organization, CCPDF /Coordinating Committee for Patriotic and Democratic Forces/, which in the late seventies attracted a great number of prominent leaders among farmers and workers but now is reduced to a mere paper organization. The other was Suwit Niensa, better known under his /nom de guerre/ "Comrade Yuth," and former commandant of TKP's armed forces in northeast Thailand, which not too long ago was the party's military vanguard.

The party's strong man is now said to be the 62-year-old Virat Angkhathavorn, a Marxist theoretician who received his political schooling in Peking in the fifties. But despite the victory of the orthodox faction over the younger opposition, there are new elements in TKP's policy that indicate that the theory has mellowed somewhat and criticism has been taken into account. This applies particularly to the attitude to the front organizations, left oriented student associations and trade unions in Bangkok--i.e., the interest has begun to be concentrated on the development in the towns and the growing Thai working class.

After the threat from the jungle has, so to speak, been averted, the Thai security authorities have also started to turn their attention toward Bangkok's innumerable slum areas where, in the center of the relatively rich and affluent Bangkok, thousands of impoverished people live under miserable conditions. There is no doubt that among those people there is fertile ground for revolutionary propaganda--something that both TKP and the authorities have discovered.

However, there are not many observers here in Bangkok who believe that TKP, under current conditions, has the capability to organize significant political strength in the capital. But they underscore the expression "current conditions," namely the Prem Government's tolerant amnesty policy and the remarkable free political climate that prevails in Thailand today. In case of more intense differences between the various circles of rulers in Thailand today--which, in principle, would be that the military leaders and the civilian parliamentarians would not be able to stick together--the situation can change drastically.

0593

CSO: 3613/79

WRANGLING OVER FINANCING WITH JAPAN

Bangkok BANGKOK POST in English 1 Feb 84 p 19

[Article by Alan Dawson]

[Text] BUSINESSMEN and others opposed to using a Japanese loan to finance the Laem Chabang port project said yesterday that they intend to fight a "final" decision to accept the Japanese offer.

"We don't think this decision is irreversible," said a businessman interested in the project.

"We think the decision to use OECF money is wrong, and it can be overturned later this month," when the Eastern Seaboard Development Committee meets again.

The ESDC, chaired by Prime Minister Prem Tinsulanonda, last week rejected a proposal by Communications Minister Samak Sundaravej to open the bidding on the Laem Chabang project to a wider number of foreign and Thai joint-venture companies by turning down the OECF loan for engineering studies.

Mr Samak and many foreign and Thai businessmen have contended that acceptance of the Japanese loan for Laem Chabang will effectively mean that many qualified businesses will be shut out of the project.

They said OECF restrictions on the use of the loan money usually mean that only Japanese and Japanese-Thai joint-venture companies are eligible to participate in the funded projects.

They also have contended that in the case of Laem Chabang, several foreign companies are prepared to offer far better financial terms for the port project than the Japanese.

The ESDC decided to retain the OECF loan. Finance Minister Sommai Hoontrakul, a strong advocate of keeping the OECF in the project, argued that it would be a loss of face for the Government to turn down the loan which already had been accepted in principle.

A senior Japanese official had told the Post, before last week's ESDC meeting, that if the committee rejected the Laem Chabang loan, this "might have adverse effects on current and future (Japanese) loans to Thailand."

"There are companies which are very interested in this project, and in Thailand, which are being short-changed by not being allowed to participate," said one source yesterday.

Anti-OECF advocates said yesterday that they plan to have their case presented to the committee when it holds its regular meeting late this month.

"The Finance Minister (Mr Sommai) got to first base last month. But he still has three more bases to go to reach home plate," one source said, using a baseball metaphor.

The Japanese plans to develop Laem Chabang and Rayong ports separately have also been criticised by some of the interested businessmen.

"There is a question here of what Thailand needs, compared with what the Japanese want to sell them," said one businessman.

CSO: 4200/481

POLLUTION SAID TO BE GROWING WORSE ON LAND SEA

Bangkok BANGKOK POST in English 28 Jan 84 p 20

[Text]

THROUGHOUT Thailand, marine waters serve as the ultimate dumping ground for human excrement, industrial waste and agricultural run-off, all finding their way through the nearest klong or river into the Gulf of Thailand.

For the past 10 years, concentrations of toxic heavy metals such as mercury and lead have been increasing in the inner Gulf. Mercury was detected in all marine fauna sampled there during 1977-1980, while in that same period mercury levels in the urine of residents of 21 provinces near the Thai coastline showed growing exposure to mercury pollution.

● Eighty-four per cent of the shell-fish samples collected in April 1979 from an open market in Bangkok contained *V. parahaemolyticus* — a pathogenic bacteria that may cause food poisoning and gastroenteritis.

● Grease and oil were found in significant quantities in the bottom sediments, particularly near river mouths. At some places, crabs caught

from bottom sediment were black, indicating high concentrations of sulphides.

● Clam and mussel production in the inner Gulf has been reduced by as much as 50 per cent since 1960.

● Although not the primary cause, pesticide pollution is considered a contributing factor to periodic fish epidemics recently experienced in Thailand.

● Pollution of the inner Gulf has adversely affected the socio-economic conditions of the coastal population and created problems of unemployment, transmigration, degradation of coastal land and tourism, to varying degrees.

These are among the preliminary findings of a study on the "Development of Environmental and Socio-Economic Management Plan for the Inner Sector of the Gulf of Thailand, being carried out by the Economic and Social Commission for Asia and the Pacific in cooperation with a team of Thai experts on marine environment protection. It is expected to be finished in April after another meeting of experts, which is

Rampant pollution is threatening the Kingdom's lifeline — our rivers and coastal areas, say a team of Thai experts conducting an ESCAP study. They have come up with alarming findings which show the nation's health and economy is at risk.

being organised by ESCAP from February 20-28.

According to the study, the four rivers — Mae Klong, Chao Phya, Tha Chin and Bang Pakong — now carry almost eight tons daily of toxic heavy metals and some 200 tons a day of biochemical oxygen demand (mainly from sewage) an indicator of organic pollution contributed to the inner Gulf.

Most heavy metal pollution in these waters results from the continuing discharge of untreated or partially treated wastewaters from numerous industries. Such contamination is rising near

urban areas, particularly where effluent is dumped into sheltered waters with little mixing with the open sea. But problems still remain localised, as with the Mae Klong River, where trace metals in fish revealed steadily increasing levels of mercury.

The study relates the pollution of the rivers and the inner Gulf from toxic heavy metals mainly to the discharge of untreated wastewaters from numerous metal finishing and chlor-alkali industries located along the river banks.

PESTICIDES

Besides the Mae Klong, three other river systems — Chao Phya, Tha Chin and Bang Pakong — were also found to be contaminated by pollutants derived from domestic sewage, agricultural effluent and industrial discharges, especially those from agro-industries concentrated along narrow riverbanks.

The authorities face an uphill task. Chon Buri Province alone has 700 factories discharging wastewaters either directly or indirectly via short estuaries to the sea. These include sugar factories, hardboard mills, tapioca, petroleum refineries and chemical factories. It is even more difficult to keep track of thousands of small factories with backyard-type operations. Moreover, no significant improvement of the quality of Thailand's marine environment can be expected unless some positive steps are taken to control the discharge of untreated sewage and wastewaters into the rivers and the Gulf.

Addressing the Thai experts, ESCAP chief S.A.M.S. Kibria emphasised that "with increasing population and consequent demand for food and energy, and at a time when the productivity of land is decreasing due to a variety of reasons, Thailand would have to depend, more than ever before, on the marine environment."

Mr Kibria pointed out that fishery resources in the Gulf have depleted to such an extent that many of Thailand's 80,000 fish-

as near Bangkok, for example.

In the past, the Chao Phya River has been polluted by effluent from major industries including distilleries, pulp and paper, food, textiles and so forth. Its pollution from both domestic and industrial wastes has already virtually eliminated the dissolved oxygen content at many points in the river, according to the study. Garbage and other solid materials, as well as agricultural residues including pesticides, are also important sources of pollution.

The principal impact of pollution of the rivers and inner Gulf is on health, fisheries and tourism. According to the study, more and more people are being exposed every day to health hazards from water-based recreational activities and by unknowingly consuming contaminated fish and shellfish caught from the polluted rivers and the inner Gulf.

Freshwater and marine fisheries, an important sector of the Thai economy,

ermen today are barely able to recover their investment, causing them severe hardship.

DUMPING

Although the study's recommendations are yet to be finished, an ESCAP meeting of high-level experts from various government departments recently considered various measures for solving marine environment problems in the inner Gulf. These include:

- Survey of sources, quality and quantity of industrial pollution from small-scale industries and factories — both registered and unregistered, particularly those that create problems by dumping toxic metals, such as electroplating, battery manufacturing, tanning and chlor-alkali plants.

- Provision of treatment facilities (neutralisation and metal precipitation, including sludge disposal) at factory premises before discharging wastewater into a drain, klong or river. Also some process changes, particularly in chlor-alkali industries to prevent possible mercury pollution.

as well as a sizeable population engaged in this trade, have been and are being adversely affected, as are export earnings from this sector.

Solid wastes are accumulating along the inner Gulf as well as directly on beaches and in coastal areas developed for tourism. This poses a direct threat to the tourism industry, which engages a large labour force and is also a major source of foreign exchange earnings.

The Department of Industrial Works of the Ministry of Industry and the National Environment Board have recently managed to reduce the rivers' load of organic types of pollutants from industrial sources by requiring many factories to install wastewater treatment plants. But, these efforts have had little impact on the presence of toxic heavy metals and other pollution. Very large numbers of small-scale industries operate along the rivers, and domestic wastes still flow into the Gulf via rivers and klongs with practically no treatment.

ORGANIC

- Construction of sewerage systems in Bangkok, Chon Buri and other major towns on a phased basis.

- Provision of sewage treatment, initially with sedimentation, biological treatment and chlorination, to remove the bulk of organic pollution from domestic wastewater.

- Promotion of environmental awareness and provision of formal and non-formal environmental education at community levels.

Among long-term measures would be preparation of a comprehensive plan for regional water pollution control through a water quality modelling study, and delineation of ecologically sensitive areas and areas where major urban and industrial development are expected by the year 2000. Flood protection measures, including storm sewers, and finally development of long-term national environment policies, with enforcement of environmental protection laws and environmental impact assessment of major development projects, are also being suggested.

RTAF OFFICER'S WIFE INVOLVED IN OIL SCAM

Bangkok BANGKOK POST in English 28 Jan 84 p 20

[Text]

THE wife of the director of the Airmen Technical Training School was arrested on Thursday after it was alleged that she was unable to repay a reported sum of 11 million baht to 13 customers of her oil shares.

Chanya Yuthasin, 45, wife of Group Capt Noppachart denied cheating her 13 customers, some of whom were ranking army officers and businessmen.

She told Crime Suppression Division police investigators she intended to pay them but could not do so now as the money was tied up in other investments.

Police said Mrs Chanya had made out cheques to her customers guaranteeing them repayment on December 31 of each year.

All the 13 customers tried to cash the cheques last year, but were told by the bank the account had been closed, police said.

Complaints were filed with the CSD police who later arrested Mrs Chanya at one of the ATTS' living quarters at Don Muang.

CSD police also went to Mrs Chanya's Bang Khen residence yesterday and confiscated her two cars.

Mrs Chanya has been charged with issuing cheques with intent to defraud.

According to the police, Mrs Chanya started the oil shares in 1982, when

tract, or exchange the old cheque for a new one to continue the investment.

Police said lately the monthly payments could not be collected by investors who wanted to terminate the deal.

Mrs Chanya was still in police custody although the 13 complainants had agreed to her release on bail.

CSD investigators quoted Mrs Chanya as claiming that before 1982 she had sold her land for four million baht and mustered another 26 million baht from her relatives and other sources in order to join Mrs Chamoy Thipso in the much-publicised oil share business.

She said price for each share was 60,600 baht for a monthly return of 4,800 baht.

It was this oil shares deal which got Mrs Chamoy into trouble after doubts had been expressed from some quarters as to its legality and its link with the Petroleum Authority of Thailand where she works.

However the matter ended when the alleged connection could not be established.

she and two other men identified as Suchart Bunnag and Petch Meesai began persuading the public to buy their oil shares, each representing one truckload of oil.

For a price of 160,500 baht per share a prospective customer would receive monthly interest of 10,400 baht.

In addition, a cheque dated the last day of every year was given to each investor who could either cash it on the written date and end the con-

PRIME MINISTER ANNOUNCES NEW CABINET

Apia THE SAMOA TIMES in English 13 Jan 84 pp 1, 12

[Text] Prime Minister Tofilau Eti has made a major shake up in his Cabinet even though the changes involve only himself and the other ministers.

Tuilaepa Sailele has been promoted to the powerful post of Minister of Finance, the portfolio the Prime Minister has now decided to relinquish, and Lauofo Meti has been relieved of responsibilities for Foreign Affairs, and moved over to Economic Affairs, one of the posts that Tuilaepa previously held.

The move for Lauofo is viewed as a demotion but close observers said the change was expected ever since the minister apparently disagreed with the Prime Minister's decision over the East Timor question.

In putting the portfolio for Foreign Affairs under the charge of the Prime Minister again Tofilau has thus effectively cancelled the only major change he made when he first became Prime Minister and set Foreign Affairs as a separate department.

No reasons are given for the Prime Minister's reallocation of portfolios but the changes put the ministerial responsibilities to virtually the same as the allocation made by former Prime Minister Vaai Kolone.

In Vaai's allocation the responsibility for planning the country's economic development programme was kept separate from the Treasury which of course had the major function of raising money for the government activities.

By lumping the two functions together under one minister the economic development side always suffered because it was always made dependent on what funds the Treasury could manage to raise.

Except for the addition of the responsibility for Samoa Coconut Products to those of the Minister of Agriculture the Prime Minister made no change to the portfolio of the other six ministers.

The full list of the ministers and their portfolios following the new changes are:

Tofilau Eti Alesana: PRIME MINISTER, Foreign Affairs, Legislative, Attorney General, Cabinet, Police and Prisons, Internal Affairs, Immigration, Public Service Commission, Fire Brigade.

Tuilaepa Sailele: FINANCE, Inland Revenue, Customs, Audit, Statistics, Development Bank, National Provident Fund, Western Samoa Trust Estates Corporation, Samoa Forest Products Control of Foreign Exchange Public Trust, National Pacific Insurance, Western Samoa Life Assurance Corporation, Accident Compensation Board.

Lauofo Meti: ECONOMIC AFFAIRS, Transport, Civil Aviation, Marine and Shipping, Tourism (and Hotels) Post Office & Telecommunication, Broadcasting.

The Prime Minister did not make any change in the following portfolios other than the one addition of Samoa Coconut Products under the Minister of Agriculture.

Fuataga Laulu: LANDS & SURVEY, Parks & Recreation, Water Conservation;

Lavea Lio - HEALTH

Le-Mamea Ropati - EDUCATION Youth, Sports & Culture, Labour.

Jack Netzler - AGRICULTURE Forestry, Fisheries, Produce Marketing, Cocoa Board, Copra Board, Banana Board, Agricultural Store, Samoa Coconut Products.

Taua Latu Lome: - PUBLIC WORKS, Special Projects Development Corporation, Electric Power Corporation, Transport Pool.

Taliaoa Maoana - JUSTICE, Land and Titles, Births, Deaths and Marriage Registry, Land Registry.

CSO: 4200/461

GOVERNMENT REJECTS SOVIET AID

Apia THE SAMOA TIMES in English 6 Jan 84 p 1

[Text] The government has no intention of seeking aid from the Soviet Union for the establishment of Western Samoa's national university, the Prime Minister, Hon Tofilau Eti Alesana, said in an interview yesterday.

Tofilau said remarks in parliament by Member Faasoo taufoa Semu that Western Samoa should seek aid from the Soviet Union for the University represented his own personal opinion, and not that of the government.

Faasootaufoa, Tofilau Alesana added, made his remarks conditional on a refusal by either Australia or New Zealand to give assistance to Western Samoa for the establishment of the university.

And he made them because of his keen desire to see the national university developed into reality.

The question of seeking assistance for the national university did not arise at this stage, Tofilau said

Since the government planned to establish the university in stages, there was sufficient local funds available at the moment. Perhaps later on, Australia or New Zealand could be asked to assist with funding, he said.

The Prime Minister again stressed an important aspect of government policy and that is, continuing close cooperation with the university of the South Pacific, (USP).

"I do not want a total severance of relationships with the USP in the field of education," he said.

On the other hand, he added, outside people should not be telling Western Samoa it did not need a university.

"It is government, leaders and the people of this country who decide on whether to have a university. And that is what they have decided," he said.

He said support for the university had come from many areas including the Latter Day Saints Church and the Brigham Young University in Hawaii.

POPULATION POLICY URGED

Apia THE SOMOA TIMES in English 6 Jan 84 p 2

[Text] Development planning which does not take proper consideration of the population factor will fail to achieve its objectives.

This observation was made by Mr Tate Simi, Assistant Commissioner of Labour, in a paper entitled "Unemployment and the Need for a Population Policy."

"In recent years," Mr Simi said, "indication of government's priorities through Annual Development Plans show a clear emphasis on capital investment. The assumption obviously being that given a sufficient volume of investment, a respectable tempo of economic growth would be assured, and assuming also that there is an abundance of labour, the requisite supply, when it is needed, would be available.

"Development planning based on these assumptions without equal consideration of the population factor will undoubtedly fall short of achieving its objectives. And unless employers, workers and the community at large play their part in ensuring that population growth is contained then problems of unemployment would continue to plague economic development in Western Samoa for many more years to come Mr Simi said.

He quoted from the 1977 Annual Development Plan p. 15, to the effect that the country was poised on the brink of a rapid growth in unemployment.

"The overriding factor is population, and clearly, public policy has either, failed to propagate economic growth in line with the population growth experienced in the pre-independence and early post-independence period, or, that population growth had exceeded the country's capacity to satisfy the consequential demands", Mr Simi said.

While Western Samoa's population increased by just short of seven per cent over the last years compared to an increase of 28 per cent in the previous ten years, the full effects of the reduction would not be felt for some time.

This was due, Mr Simi said to the fact that there would be a high influx into the labour market of those born 20 years ago when the population annual growth was much higher.

Out-migration was no longer helpful to Western Samoa because gains from net-out migration were being reduced all the time.

In 1982, for instance, fewer Western Samoans left the country than those returning from overseas resulting in a negative net out migration of 280.

"Western Samoa is thus faced with the two-fold problems not only of providing productive employment opportunities for school leavers and other local unemployed youth, but also of allowing for the accommodation of those returning from overseas," Mr Simi said.

He recommended that the government coordinates some of the policies, legislations and other executive actions which affected population, employment and development.

Such coordination can take the form of population policy concerned with the long-term objective of reducing population growth to a level compatible with economic development and the availability of employment opportunities," Mr Simi said.

He added that government ought to reconsider some policies which tended to encourage large families, for instance, tax exemptions.

CSO: 4200/461

INTERNATIONAL RELATIONS, TRADE AND AID

LAO, KAMPUCHEA GREET CPV FOUNDING ANNIVERSARY

OW100907 Hanoi VNA in English 0727 GMT 10 Feb 84

[Text] Hanoi, VNA, February 10--The Central Committee of the Lao People's Revolutionary Party and the leaders of the People's Republic of Kampuchea have extended their greetings to the Vietnamese leaders on the occasion of the 54th founding anniversary of the Communist Party of Vietnam (February 3).

The message from the L.P.R.P. Central Committee says:

"Over the past 54 years, under the correct and clear-sighted leadership of the glorious Communist Party of Vietnam, successor to the revolutionary cause of the Indochinese Communist Party which was founded, led and trained by the great President Ho Chi Minh, an outstanding combatant of the international communist and workers movement, the Vietnamese working class and people have carried out a heroic struggle and gained epoch-making victories, defeating colonialism, old and new, and liberating the whole country. In their advance to socialism, faced with the aggression and a multi-faceted war of sabotage conducted by the Beijing reactionary ruling circles, the Vietnamese people have firmly defended their homeland and recorded great achievements in socialist construction.

"The Vietnamese people's big successes have increased Vietnam's might in all fields and the strength of all nations in Indochina and helped consolidate and strengthen the revolution of the Indochinese countries and of the entire socialist community with the Soviet Union as the mainstay. At the same time they have actively contributed to the common struggle of nations for peace, national independence, democracy and socialism in Southeast Asia and the rest of the world. These successes and great contributions have demonstrated that the Communist Party of Vietnam is a genuine Marxist-Leninist party, and a firm contingent of the international communist and workers movement."

In his message to the C.P.V. Central Committee, Heng Samrin, general secretary of the Central Committee of the People's Revolutionary Party of Kampuchea, said:

"We highly value the correct and clear-sighted leadership of the C.P.V. which, over the past 54 years, has scored great successes in national

liberation and socialist construction. We are convinced that the Vietnam people will record new and big achievements in implementing the resolutions of the Fifth C.P.V. Congress.

"We sincerely express our gratitude to the party, government and people of Vietnam for their material and moral assistance to the defence and construction of Kampuchea in its advance to socialism.

"We give the pledge that the Kampuchean people will do everything in their power to safeguard and develop the special friendship, militant solidarity and multiform cooperation between Kampuchea and Vietnam and among the three Indochinese countries."

CSO: 4200/479

INTERNATIONAL RELATIONS, TRADE AND AID

BRIEFS

ALGERIAN PRIME MINISTER RECEIVES SRV ENVOY--Hanoi, VNA, 10 Feb--Abdelhamid Brahimi, alternate member of the Political Bureau of the Central Committee of the Algerian National Liberation Front Party, and prime minister, has expressed his confidence that the multiform cooperation and mutual assistance between Vietnam and Algeria will further develop. Receiving Vietnamese ambassador to Algeria Le Tan on Wednesday, A. Brahimi said that the Algerian people are always concerned with the Vietnamese people's national construction and defence and rejoice at their achievements. The reception took place in a warm atmosphere. Le Tan had been received earlier by the Algerian minister of youth and sports. [Text] [OW102046 Hanoi VNA in English 1512 GMT 10 Feb 84]

CSO: 4200/479

ECONOMIC PLANNING, TRADE AND FINANCE

PEOPLE THROUGHOUT COUNTRY BUY GOVERNMENT BONDS

OW080947 Hanoi VNA in English 0718 GMT 8 Feb 84

[Text] Hanoi, VNA, Feb 8--By the end of January, people of all strata throughout Vietnam had registered to buy government bonds to the value of nearly 800 million dong and 6,000 tons of paddy.

The population of the central province of Nghe Tinh is leading the whole country in the purchase of government bonds with about 80 million dong and more than 800 tons of paddy to their credits. Next come Thanh Hoa Province with 44 million dong and nearly 30 tons of paddy, Ha Nam Ninh Province with 50 million dong and 215 tons of paddy, Nghia Binh, 47 million dong and about 340 tons of paddy, and Hanoi, more than 50 million dong.

Up to January 26, people in Ho Chi Minh City had bought 195,820 government bonds to the val of more than 30 million dong. Mrs Hoang Thi Ngoc Bich in Hoc Mon District, Ho Chi Minh City, bought government bonds for 120,000 dong, and a Vietnamese resident returning home from France for a visit bought 400,000 dong's worth of government bonds.

CSO: 4200/479

AGRICULTURE

SRV AGRICULTURE MINISTER ON TRANSPLANTING RICE

OW111153 Hanoi VNA in English 0720 GMT 11 Feb 84

[Text] Hanoi, VNA, Feb 11--The Ministry of Agriculture has called on the cooperatives and production collectives throughout the country to make good preparations for transplanting rice seedlings on all the planned acreages when the weather warms up.

In a recent interview with V.N.A., the minister of agriculture, Nguyen Ngoc Triu, said that to date, the southern provinces which enjoy more favourable weather conditions have transplanted rice plants on 84 percent of the planned acreage, which is a faster rate than in the last winter-spring crop. The rice plants are growing satisfactorily.

In the north, a severe and prolonged cold spell in late December and January has slowed down the transplantation which has been achieved by about 50 percent on the planned acreage. He, however, pointed out that the adverse effects of the cold weather could be overcome if good preparations in seedlings, water and fertilizer are made and the transplantation could be completed within a short period when the weather warms up. He cited the case of last winter-spring crop when the cold weather also killed several thousand hectares of seedlings but the harvest was an all-time high thanks to correct guidance in the application of intensive farming techniques.

Nguyen Ngoc Triu said the propitious time for the transplantation of rice seedlings will last until mid-March, and there is every reason to believe that the transplanting program will be achieved.

CSO: 4200/479

AGRICULTURE

FORESTS PLACED UNDER PRODUCTION UNIT MANAGEMENT

OWO41515 Hanoi VNA in English 1501 GMT 4 Feb 84

[Text] Hanoi, VNA, Feb 4--The forestry service and concerned localities are successfully carrying out a new policy, which entrusts collective production units and co-op members with managing and exploiting forests and forest lands.

These lands were previously under the charge of the forestry service which did not have enough personnel and conditions to control them, a handicap conducive to wanton exploitation and even destruction.

The northern mountain province of Hoang Lien Son has allotted 23,000 hectares of forest land to collective production units and co-operative members. In the first half of 1983, people in Tran Yen District planted such lands with over one million assorted trees. The district has thus prepared enough saplings for two million trees in this winter-spring planting season.

Army units stationed in Hoang Lien Son Province have planted 450 hectares of forest land. The province has 450 ha under concentrated planting in addition to 6 million scattered trees.

Bac Thai Province, north of Hanoi, is planting four million trees along roads and canals and in the gardens of co-op members. Besides timber trees such as manglietia glauca, eucalyptuses, fir-trees, mother-of-pearl, it has also planted anise trees and bamboo.

State forestry farms, co-operative farms and the people in the central province of Phu Khanh have put more than 5,200 ha under cashew, ten times more than in 1982. The planting of cashew, a tree of high economic value, is being developed for export purposes.

State forestry farms in the central highlands province of Darlac have planted trees on 8,900 hectares, including 3,000 ha of cashew concentrated on clearings and bare hills. Seven thousand ha of newly planted forests of the Easup forestry, industrial complex in Darlac have been entrusted to the workers' families for exploitation according to the product-based contractual quotas system.

Most families of local ethnic minorities have also agreed to take care each of one or two hectares of forest land with the pledge to prevent wildfire.

Dien Chau District in the central province of Nghe Tinh has supplied coconut seeds and technology and given land to the care of agricultural co-ops and families of co-op members. It has now enough saplings for 400 ha of coastal sandy soil.

CSO: 4200/479

HEAVY INDUSTRY AND CONSTRUCTION

BRIEFS

SMALL HYDROELECTRIC STATIONS--Hanoi, VNA, 9 Feb--Quang Nam-Danang Province in central Vietnam has many high mountains and waterfalls. To make use of this natural advantage, the province has in recent years built seven hydroelectric stations ranging from 20 to 2,000 kw in capacity, totalling 3,260 kw. Construction of four new hydroelectric stations of from 200 to 750 kw in capacity is expected to start this year and to be completed in a few years' time. The province is also conducting feasibility study for the construction of bigger projects including a 5,400-kw project to be built in An Diem. Quang Nam-Danang is the province with the biggest potential in hydroelectricity in the whole country. [Text] [OW100625 Hanoi VNA in English 1451 GMT 9 Feb 84 OW]

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